

THE INFLUENCE OF BIG DONORS ON CONGRESSIONAL BEHAVIOR AND
ELECTORAL PROSPECTS

A Dissertation

by

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ABSTRACT

This research explores the connections between campaign contributions, congressional behavior, and electoral outcomes. Previous research on the role of money in politics has focused primarily on the influence of political action committees and other organized interests, despite the fact that individual contributions account for over 50 percent of the donations members of Congress receive. This research addresses the influence members' financial ties with affluent individual donors has on their roll call voting, bill sponsorship, and primary election prospects. The results suggest big donors shift members further to the ideological right and decrease their likelihood of introducing direct government spending bills in Congress. These financial ties also influence the electoral landscape for incumbents in the primary election by giving Republican incumbents an electoral edge and increasing the chances Democratic incumbents face a tough primary election battle. This research suggests individual donors influence political outcomes with implications for policy outcomes, representation, and party polarization.

DEDICATION

To my parents and Chris for cheering me on right to the finish line.

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1. INTRODUCTION

There is growing public concern about the role of money in politics. The public discussion about the connections between wealth, campaign contributions, and influence in the American political system is prompted by several trends, including growing economic inequality and the increasingly large amount of money spent on federal election campaigns. As these changes in the economic and political landscape occur, academics, the media, and the public are beginning to question how these changes influence policymaking and political outcomes. Does greater economic power translate into greater political power?

Recent research suggests it might. For instance, politicians tend to be more responsive to the political preferences of high-income voters. Voters across the income distribution share similar views on many policy issues. But when their opinions differ, members of Congress tend to be more responsive to the preferences of middle- and especially high-income voters (Gilens 2012; Bartels 2008). Though these studies suggest more affluent voters may have greater influence over policy outcomes, the mechanism through which greater responsiveness to more affluent voters occurs is not examined.

Campaign finance is an obvious culprit. The logic is that campaign contributions enable donors to exert a larger influence on the political process. Scholars have explored the role of money in politics for a long time, however, with at best mixed evidence that donors impact political outcomes. Evidence that money buys influence and affects political outcomes has been surprisingly hard to find. The majority of scholarly research on this topic has focused on contributions by political action committees, corporations, and other organized interests, rather than campaign

contributions from individual donors. While the focus on organized interests is reasonable in many ways, contributions from individuals account for over 50 percent of the campaign funds members of Congress raise.

This research contributes to our understanding of the role of money in politics by examining the influence of individual donors on congressional behavior and electoral outcomes. In particular, this research addresses three related topics: 1) the influence of big donors on roll call voting and ideological extremity in Congress, 2) the impact big donors have on the policy agenda and the types of policies members of Congress propose, and 3) the effect campaign funding from big donors has on incumbents' electoral prospects in the congressional primaries.

The results suggest campaign contributions from wealthy donors influence the behavior of members of Congress and political outcomes. Members of Congress who receive a greater share of their campaign funds from big donors have more conservative roll call voting records than would be expected given the political composition of their district and sponsor fewer direct government spending bills. While these effects are found among members of both parties, however, these contributions affect the electoral fortunes of Democrats and Republicans differently. Democratic members of Congress are disadvantaged by these contributions during the primary election and more likely to face a strong primary challenger, perhaps because their representation of donor interests in Congress places them at odds with Democratic primary voters. In contrast, Republican members benefit from their relationships with big donors during the primary election. Taken together, the results suggest the relationship between big donors and members of Congress has important implications for political outcomes in the United States. The chapters that follow explore these relationships in greater detail.

2. THE IMPACT OF BIG DONORS ON IDEOLOGICAL EXTREMITY IN THE U.S. HOUSE OF REPRESENTATIVES

2.1 Introduction

Political polarization is a defining feature of the contemporary American political system. The two major parties in Congress have become more ideologically distinct from one another while internally becoming more ideologically homogenous. This trend towards polarized parties has continued in almost every year since the mid-1970s. The Democrats and Republicans in the 112th Congress, elected in the 2010 midterm election, were the most polarized Congress since the end of Reconstruction.¹ Empirical studies clearly demonstrate that the parties are becoming more polarized. In day to day politics, this long-term trend towards polarized parties is also readily apparent and appears in many forms including more divisive and uncivil political discourse and intense policy gridlock. The causes and consequences of party polarization have been widely studied (e.g., Stonecash, Brewer, and Mariani 2003; McCarty, Poole, and Rosenthal 2006; Theriault 2008). Studies of party polarization almost exclusively seek to explain the growing distance between the two parties; until recently, the asymmetric nature of polarization has often been underappreciated.

Both parties—Democrats and Republicans—have moved away from the ideological center over the past 40 years, but the Republican Party has tacked dramatically rightward at a pace unmatched by the Democratic Party. Political scientists, most notably Hacker and Pierson (2005), have recognized the asymmetries in party polarization for about a decade, but this idea has also made its way into mainstream

¹According to DW-NOMINATE scores acquired from Voteview (<http://voteview.com/dwnominate.asp>), and described in greater detail by Poole and Rosenthal (1997).

political discourse in recent years (see., e.g., Mann and Ornstein 2012, and the reaction to their book). Thus far, explanations for asymmetric polarization have been somewhat unbalanced—they focus primarily on why the Republican Party has moved so sharply to the right. While this question is undeniably important, considering why the Democratic Party has failed to follow them to the ideological extremes is also important. In addition, there is disagreement over the factors driving asymmetric polarization. Are elites moving outward in spite of voters, or do voter preferences play a key role? By some accounts, such as Hacker and Pierson (2005) and Frank (2004), the greater movement of the Republican Party away from the center is primarily elite driven and not a consequence of a changing electorate. Other accounts ascribe at least some of the asymmetry to changes in the composition of voters and voter opinions (Butler 2009).

This research shows the linkages between campaign donors and members' ideological positions and in doing so, offers a potential explanation for the observed asymmetry that lies somewhere in between these two alternatives. In particular, I argue electoral factors are partially responsible for the differential ideological movement of the Democratic and Republican parties, however, I focus on an especially elite group of voters—individual high dollar donors who make large campaign contributions to candidates. Reelection-seeking members of Congress who are more reliant on individual big donors as an important source of their campaign funding have strong incentives to respond by altering their ideological positioning during the election and their subsequent roll-call voting once (re)elected, because these donors are central to their fundraising strategy and their ability to win the race for resources. While candidates from both parties receive donations from high dollar donors, this paper demonstrates donors have a different impact on members of the two parties. Though the political preferences of individual big donors and the Republican base

often align, this is not always the case for Democratic donors and voters. Balancing the distinct preferences of their district and big donors constrains the leftward movement of both individual candidates who win (re)election and the Democratic Party as a whole.

I pair data on the roll-call voting behavior of members of Congress with Federal Election Commission data on members' campaign donations to examine the impact of individual big donors on the ideological positions, namely the ideological extremity, of members of Congress. Party polarization is an aggregate pattern that results from decisions made by individual members of Congress to stake out positions away from the ideological center. By examining the impact of donors on members' divergence from the center, this study addresses one of the potential explanations underlying whether members choose to move to the ideological extremes. The results demonstrate that donors do impact the ideological placement of members of Congress; when individual big donors are an important source of a member's campaign funds, Democratic members take more centrist positions and Republican members take positions that are at least as or more extreme than would be predicted given the composition of their districts. Although I do not directly test the impact of this relationship on polarization over time, the differential responsiveness of Democratic and Republican members of Congress to campaign donors has important implications for the observed asymmetries in party polarization.

2.2 Literature Review

This study aims to advance a donor-based explanation of the observed asymmetric polarization apparent in Congress over the past few decades. Party polarization in Congress is ultimately the result of 535 individual members pursuing their own goals—the number one goal being reelection (Mayhew 1974). Members' reelection

motives are particularly important to the theory articulated in this study because I argue the ideological movement of members is driven by the electoral incentives to attract and maintain relationships with individual high dollar donors. Thus, a good starting point for explaining the degree to which individual members diverge from the ideological center once elected to Congress is examining the factors contributing to candidate divergence during congressional elections.²

The ideological positioning of congressional candidates, including members of Congress seeking reelection, is carefully calculated to maximize their chance of winning. Starting with Downs (1957), candidate placement has typically been discussed in terms of the factors driving the degree of candidate convergence to the median voter. The traditional Downsian model predicted convergence to the median voter when two candidates try to position themselves to maximize their vote share. In congressional elections, candidate convergence to the median voter is rarely observed, however. Rather than converging to the center, Democrats and Republicans choose distinct ideological positions during elections (Ansolabehere, Snyder, and Stewart 2001; Burden 2004; Erikson and Wright 1997) and in Congress (Poole and Rosenthal 1997). Candidate divergence during elections, which leads to ideological divergence in Congress, is influenced by multiple factors.

Most theories of candidate divergence link candidates' ideological positioning to their districts' preferences and the preferences of constituency subgroups. Democratic and Republican candidates tend to diverge across every congressional district, but the degree of their divergence depends on the extremity of their district's political preferences. Democrats and Republicans from relatively moderate districts are

²This study assumes the positioning decisions congressional candidates make during the election directly translate into their ideological positions in Congress. This assumption is common in empirical studies of candidate placement (see, e.g., Ansolabehere, Snyder, and Stewart 2001; Moon 2004; Butler 2009).

less likely tend to take extreme ideological positions than those from more extreme districts (Erikson and Wright 2000). In addition to the preference of the district as a whole, candidates may diverge because they must appeal to multiple constituency groups within the district. In particular, primary voters and candidates' partisan base exert independent influences on candidate placement. Primary voters and co-partisans both pull candidates away from the ideological center towards the ideological extremes. Although there is some disagreement about the relative importance of these two factors, the literature suggests primary voters and candidates' partisan base more generally encourage candidate divergence because candidates must win a primary election race, which in many cases are closed primaries (Adams and Merrill 2008; Burden 2004), and partisan voters may fail to turn out on election day if their candidate is too moderate (Butler 2009; Aldrich 1983).

The notion that candidates diverge from the center to ensure their key supporters mobilize and vote for them has also been applied to participation by another group of party activists—donors—who may choose not to contribute if a candidate moves too far to the center. Studies of candidate divergence assume party activists, including donors, reward candidates who adopt more ideologically extreme positions, which encourages candidates seeking donations to move away from center (Moon 2004; Aldrich 1983; Stone and Simas 2010). In these models, donors are considered a small, ideologically homogenous subset of primary activists who are more extreme than the median voter in the district and at least as extreme as the typical partisan in the district.

2.3 Theory

My theoretical framework builds on the current theories of candidate divergence. I also assume candidates choose their ideological position by balancing competing

considerations, in particular how to simultaneously attract the constituencies who will help them win the race for votes without alienating those who help them win the race for resources. Members of Congress in my framework do not necessarily win the race for resources by becoming more ideologically extreme; however, in some cases, donors actually moderate the ideological positioning of members. This paper argues that individual donors who contribute large sums to congressional campaigns (high dollar donors) have political preferences that are distinct from other important subsets members respond to, such as primary voters and party identifiers. Although responding to these donors may cause members' ideological position to diverge from their districts' preferences, members who rely on big donors to fund their campaign do not want to risk losing their support. Alienating them and losing their contributions makes winning the campaign for resources, and by extension the election, more difficult.

Candidates running for Congress have strong incentives to perfect their ability to raise money from big donors; acquiring fundraising skills is critical for building a successful campaign organization and winning elections. Although candidates who raise large amounts of money are not always electorally successful, candidate quality is often associated (conceptually and empirically) with candidates' ability to amass a sizable war chest. Cultivating relationships with big donors is an effective strategy for candidates. Raising money requires candidates to expend time and other resources. Tapping into large individual donors is efficient. These donors are geographically concentrated and likely to be repeat donors who contribute each election cycle (Gimpel, Lee, and Kaminski 2006). By traveling to these districts and contacting individuals who can be counted on to contribute, candidates can raise larger sums of money using fewer resources. Consider a candidate (Candidate A) who raises \$100,000 in a single weekend, by attending three fundraising events and raising over

a \$1000 dollars from each individual there. This candidate can raise more money much quicker than a candidate (Candidate B) whose strategy involves contacting potential donors in a range of locations. Candidate A is interacting with habitual givers who are more likely to give and more likely to give large amounts. Candidate B's hit rate is probably much lower. The campaign has to contact many more individuals to amass the same number of donors and even then, the amount each donor gives and the total amount raised is likely to be much lower. Candidate B spends longer than one weekend raising less than \$100,000.

Not every candidate has the ability to be Candidate A, but candidates can potentially improve their connections with these important donors by creating a distinctive political or ideological identity that these donors can relate to, motivating them to give to this candidate in particular. Once a candidate does hone these skills and is able to tap into this group of big donors, they have powerful incentives to continue to cultivate these relationships and respond to this group of donors. Unlike primary voters whose choice is limited to the candidates who run in their own district's primary, donors can choose from a large pool of candidates. Candidates who are able to connect with big donors may be motivated to alter their behavior to maintain these relationships.

It may also be easier for candidates to respond to these individuals than voters in their district. Starting with Converse (1964), numerous studies have documented the incoherence of the public's political attitudes. The typical voter does not have structured well organized political beliefs. Although voters in the aggregate can send signals about their political preferences (see, e.g., Erikson, MacKuen, and Stimson 2002), these aggregate signals are often unstable even on salient policy issues (Barabas 2006). In contrast, repeated personal interaction with high dollar donors may give members of Congress more accurate and nuanced insight into this

group's political preferences. Armed with higher quality information from these individuals, members of Congress may rely on this information when deciding how to vote in Congress, especially on issues like free trade or financial regulation that are less salient to the mass public. Members of Congress have incentives to respond to donors' preferences on these issues to maintain their connection to important fundraising networks and it may be easier for them to do so, particularly on issues where public opinion in their district is incoherent. There are clearly reasons members might respond to high dollar donors when they rely on them as an important source of campaign funds, but how does responding to these donors' preferences alter members' ideological placement and voting behavior in Congress?

High dollar donors within each party likely have political preferences that are remarkably similar to one another yet distinct from the party's broader partisan base. Congressional campaign donors are not a representative random sample of voters in the United States. Individual donors are not evenly distributed across congressional districts; a majority of individual contributions to congressional candidates come from individuals residing in a small subset of congressional districts, known as donor districts (Gimpel, Lee, and Pearson-Merkowitz 2008). Donor districts are not representative of the typical congressional districts. On average, these districts are wealthier, more educated, and more urban (Gimpel et al. 2008) and so are the donors who live within them (Francia, Green, Herrnson, Powell, and Wilcox 2003).

Donors are atypical members of the general electorate and this fact is even more true for individuals who make large campaign donations. These big donors reside in an even smaller number of congressional districts that are usually more similar to one another than their partisanship would suggest. High dollar donors to both Democratic and Republican candidates are geographically concentrated and candidates often raise money from the same districts, regardless of their partisanship (Bramlett,

Gimpel, and Lee 2011; Gimpel et al. 2006). These patterns suggest that in addition to being atypical relative to the general electorate, large individual contributions often come from individuals that are atypical relative to their party's partisan base.

Party activists and primary voters also tend to be more affluent and educated than the typical American voter. These similarities between donors, party activists, and primary voters have frequently led to the assumption that the political preferences of these groups are highly correlated. When candidates make choices about what ideological position to adopt and what their voting behavior should be, the assumption is that responding to any or all of these subsets moves members in the same direction—outward. Republicans become more conservative if they decide to appeal to the base, primary voters or donors, and Democrats become more liberal. In these accounts, increasing ideological extremity in Congress is partially driven by the growing extremity of these subsets or an increase in the members' responsiveness to them.

But the relative affluence of donors in general, especially high dollar donors, and the increased correspondence between income and partisanship suggests that the overlap between these subsets (primary voters, the party base and donors) may not be complete for members of both parties. Income has become a stronger predictor of partisanship of the past fifty years. High-income and low-income voters increasingly identify themselves as Republicans and Democrats, respectively (Gelman 2008; McCarty, Poole and Rosenthal 2006). High-income voters are also more likely to choose their partisanship on the basis of cultural issues (Gelman 2008). Affluent social liberals are likely to identify as Democrats and affluent social conservatives are likely to identify as Republicans.

High-income social conservatives likely share many of their political beliefs with other members of the Republican party base, given the party emphasis on lower-

ing taxes, deregulating the economy and advancing a conservative social agenda. Differences in opinions between donors and the party base are more likely in the Democratic Party. As high-income individuals, their partisanship is largely driven by their stance on social issues, however, they may not share the party's affinity for higher taxes (corporate and income) and greater regulation of businesses and the financial industry. In this scenario, responding to big donors should not pull Democratic members to the ideological extremes because their preferences are likely more centrist than the ideological leanings of much of the party base and at odds with parts of the Democratic party brand.

The political preferences of the Republican party base, primary voters and high dollar donors are more likely to have a high degree of similarity, particularly on economic issues that are central to the party brand and make up the majority of members' roll call voting records. Responding to the ideological preferences of high dollar donors should alter members' ideological positioning in the same direction as responding to the party base at the expense of swing voters. So Republican members who cultivate relationships with big donors and respond to their political preferences should be at least as conservative as expected based on their district, if not more so. The preferences of these groups are in agreement and all push Republican members in the same direction.

Democratic members who have connections with big donors and rely on their financial support are more likely to face important tradeoffs. Appealing to high dollar donors may mean diverging from the party base and primary voters because donors' economic opinions may be divergent from the party base's even though their social preferences are more congruent. This balancing act should moderate Democratic members' ideological position when their fundraising strategy is to raise money efficiently by creating and maintaining relationships with individual donors who donate

large amounts of money. High dollar donors do not have to be economic conservatives to cause members to assume more moderate positions; they just have to be *more* conservative than the other groups members respond to, such as their primary electorate. If these donors have this distinct set of preferences, Democratic members who heavily rely on high dollar donors should be more moderate than their district composition implies.

In sum, members have incentives to respond to high dollar donors because it helps them effectively compete in the campaign for resources. Not all candidates can cultivate relationships with these important donor networks and tap into this resource for a substantial portion of their campaign funding. But for those members who can and do, there are powerful incentives to maintain this financial support base by responding to donors' preferences. Members also have higher quality information about these individuals' political attitudes on a range of policy issues, potentially making responding simpler than responding to their district more generally. Republican donors are more likely to have issue positions that are consistent with the party's base and their party brand than Democratic donors. These differences should cause Democratic members who rely on and respond to high dollar donors to moderate their ideological position, while Republican members who respond should be at least as ideologically extreme as their district would suggest. In the aggregate, the political involvement of high dollar donors and the important fundraising function they serve should constrain the ideological extremity of the Democratic party in Congress while encouraging the Republicans' increasing extremity.

2.4 Data and Methods

Since I am interested in providing an electoral explanation for asymmetric party polarization in Congress, the empirical tests of the theory use data on House mem-

bers' roll call voting behavior. Roll call voting data allows me to draw more meaningful conclusions about how the pressure to raise money from high dollar donors impacts roll call voting, with implications for the observed patterns of polarization in Congress. I use Poole and Rosenthal's (1997) DW-NOMINATE scores, which are constructed from members' roll call voting records, to measure members' general liberal-conservative position in the 107th and 109th Congresses.³ The DW-NOMINATE scores of legislators' ideological positions range from -1 (most liberal) to 1 (most conservative). I am primarily interested in examining why legislators move outward toward the ideological extremes (or not), so I use folded DW-NOMINATE scores throughout the analysis that indicate **members' ideological extremity** rather than their liberalism or conservatism. I created the folded DW-NOMINATE scores by taking the absolute value of each members' original score since zero serves as the ideological midpoint. The folded DW-NOMINATE scores I use throughout the analyses range from 0 to 1.⁴ Higher scores indicate greater ideological extremism in either the liberal or conservative direction.

2.4.1 Measuring Candidates' Reliance on Large Individual Contributions

The independent variables are fundraising and voter-based explanations for candidates' ideological position and thus incumbents' ideological extremity. The main independent variables of interest in this study are the fundraising variables. Data on each members' campaign fundraising during the previous electoral cycle was collected from the Federal Election Commission's (FEC) Candidate Financial Summaries files. I used the candidate summary files from the 1999-2000 election cycle for members

³The analysis uses data from the 107th and 109th Congresses because I am limited to years that can be paired with district level data on voters collected from the 2000 and 2004 National Annenberg Election Survey.

⁴Each member's average DW-NOMINATE score is constrained to lie between -1 and 1 when the scores are constructed. For a single Congress, however, some legislators may (and do for the data I use in this analysis) have scores that are outside this range.

serving in the 107th Congress and data from the 2003-2004 election cycle for members in the 109th Congress.

The importance of high dollar donors to candidates' ideological positioning during the election and their subsequent voting record in Congress should depend on how important contributions from these individuals are to the candidates' fundraising efforts. Some candidates may rely heavily on high dollar donors relative to other individuals who contribute to their campaign. Others may rely on high dollars donors as an important source of their campaign funds relative to all other possible sources of campaign funds and for some candidates, high dollar donors may represent a substantial portion of their funds raised from individuals and their overall fundraising totals. For this reason, I use two separate fundraising measures in the analyses: the percentage of the candidates' campaign funds from individuals (as opposed to donations from political action committees or party organizations) that came from high dollar donors and the percentage of the candidates' total campaign funds that came from these individuals. Both variables were constructed using data from the FEC's candidate summary files.

What constitutes a high dollar donor? During the 2000 election cycle, the limit on individual contributions to a candidate was \$1000 per election or \$2000 for the typical candidate's election cycle that includes a primary and general election.⁵ Between the 2000 and 2004 election cycles, the Bipartisan Campaign Reform Act of 2002 was passed. It raised the limit on individual contributions to \$2000 per election or \$4000 total for candidates who run in both the primary and general elections. The FEC data reports individual donations to candidates in several increments: \$200-\$499, \$500-\$749, and \$750 and up. Since it is the top increment reported by the FEC, I

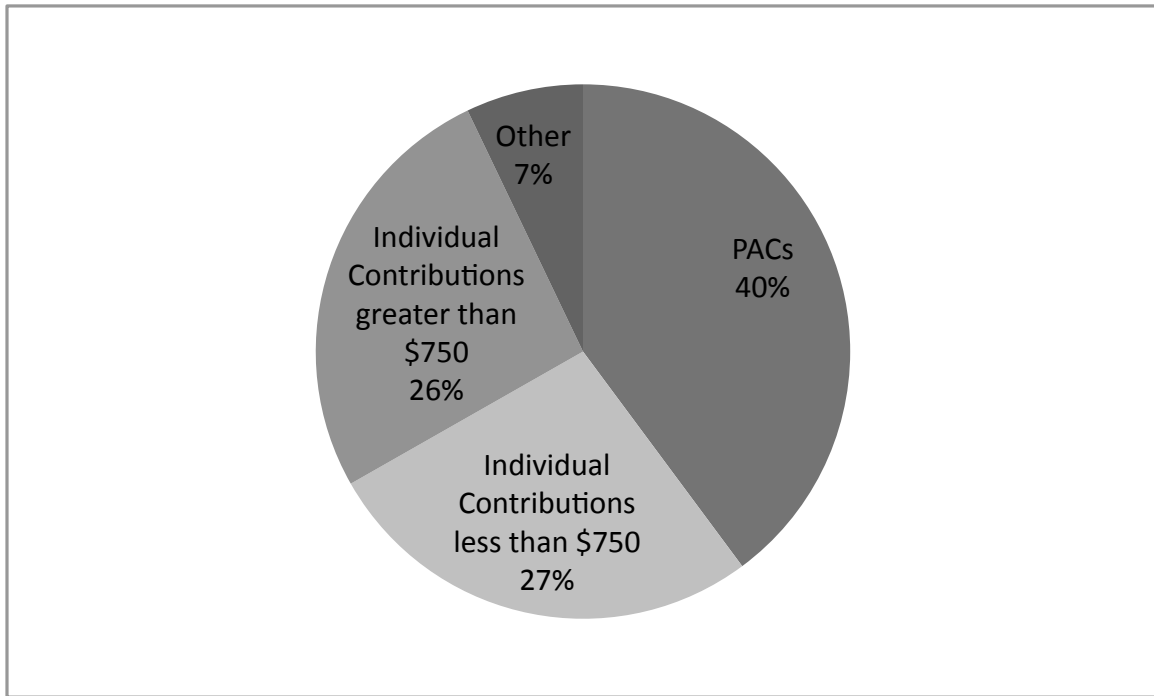
⁵The limits on individual contributions are per election limits. Each election (primary, runoff and general) within the same cycle counts as a separate election.

classify all donors who gave at least \$750 to a candidate as high dollar donors. The average winning House candidate in each district receives donations of this amount and higher from over 200 individuals.

Tapping into these high dollar donations is an important part of many candidates' fundraising strategies. The breakdown of where successful candidates'—those who actually win the race for a House seat and are included in this data set—money comes from is shown in Figure 2.1. The typical successful candidate in the 2000 and 2004 election cycles receives over half their total campaign funds (53%) from individual donors and half the money raised from individual donors comes in the form of donations that exceed \$750. In other words, the money raised by high dollar donors typically constitutes just over a quarter of all the money candidates raise in an election cycle. Although campaign finance research has focused much of its attention on PAC contributions, individual donations in amounts of at least \$750 are also an important source of money for candidates.

I created two separate measures of the importance of high dollar donors to members. The first is the **total dollar amount each member received in individual contributions of at least \$750 as a percentage of the total amount the member received in individual contributions (of any size)**. This measure is an indication of how much members rely on these large individual contributions relative to smaller individual contributions. The measure distinguishes between those who raise \$10,000 from 10 individuals contributing \$1000 each and those that raise the same total amount from individuals (\$10,000) but in the form of \$20 donations from 500 individuals. The response of members to individual donors' preferences may be different depending on what scenario best characterizes their campaign's fundraising strategy. The second measure is the **total dollar amount each member received in individual contributions of at least \$750 as a percentage of the total**

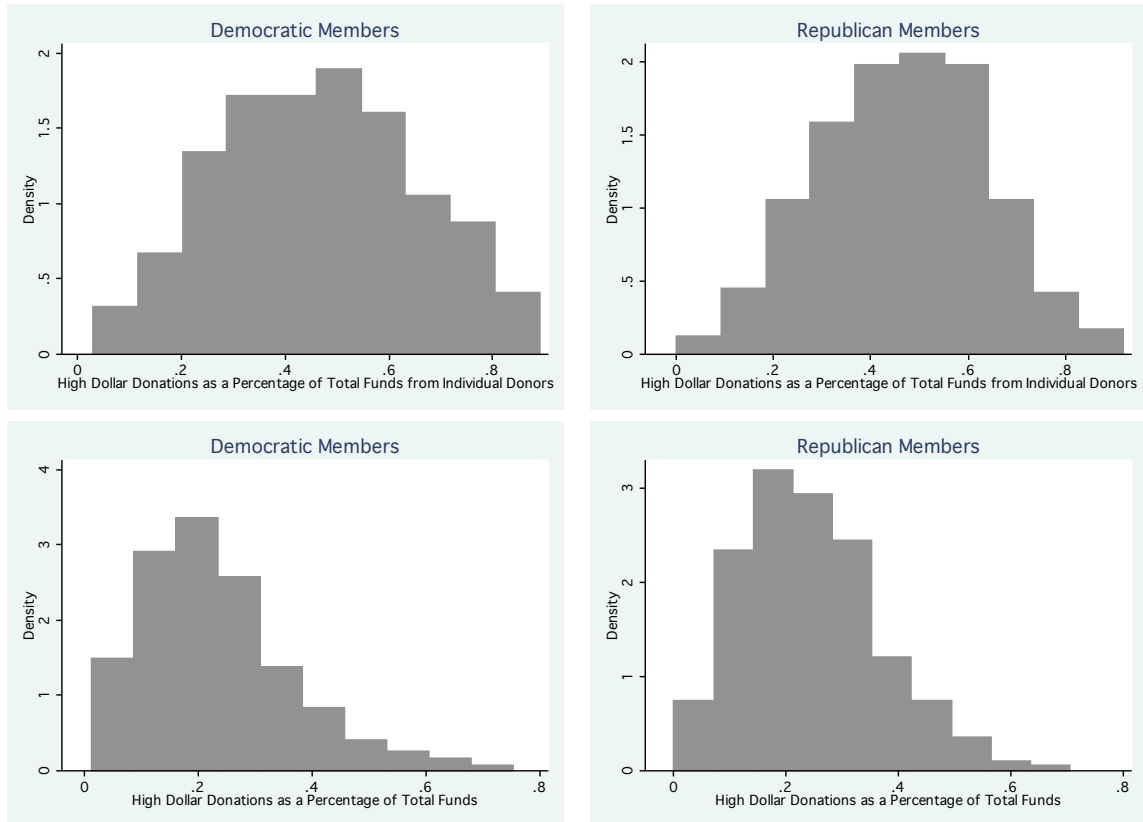
Figure 2.1: Sources of Campaign Funds, 2000 and 2004 Election Cycles



amount of campaign funds the member received from any source, including PACs, party committees, and the candidates' personal contributions to their own campaign. This measure accounts for the members' reliance on high dollar donations relative to all the other sources they could turn to for campaign funds. My theory predicts that these donations will impact Republican and Democratic members differently, so I also include a dummy variable for the members' party affiliation (coded 1 if Democratic and 0 if Republican) to allow and test for this effect.

Democratic and Republican members of Congress both raise a similar amount of money from these big donors. Figure 2.2 displays the distributions of these variables, broken down by party. The means of both variables (money from high dollar donors as a percentage of all money raised from individuals and money from these donors as a percentage of the total amount raised from all sources) are markedly

Figure 2.2: Campaign Contributions from High Dollar Donors by Party, 2000 and 2004 Election Cycles



similar. Contributions in amounts of at least \$750 account for roughly half of the total dollar amount the average member in either party raises from individual donors. These large individual contributions also account for roughly a quarter of the average member’s total funds for that election cycle, regardless of their party affiliation. The primary difference between successful Democratic and Republican members is that the variation in where Democrats’ campaign money comes from is greater, though not by a meaningful amount.

Members at the two extremes of their reliance on high dollar donors are listed

in Table 2.1. This table lists the top ten Democrats and Republicans in the data who received the highest and lowest percentage of their overall funds in individual contributions of at least \$750.⁶ Although the average successful candidates in each party seem to share similar fundraising strategies, or at the very least attract a similar amount of their campaign funds from high dollar donors, there appears to be considerable variation in how much members rely on large individual contributions as an important funding source for their campaign.

Some of this variation among members undoubtedly results from idiosyncratic factors, such as a candidate's personal tolerance and taste for raising campaign funds from individual donors. Making high-dollar individual donors an important aspect of congressional campaign fundraising activity is not simply a matter of personal preference, however; certain types of congressional districts appear to increase the likelihood or ease of tapping into high-dollar donors. Successful House candidates who are among the most reliant on this group of donors run in districts that are more likely to be wealthy, urban, and partisan (see Figure 2.3). Although these straightforward descriptive analyses do not directly address why candidates in wealthy, urban, partisan districts choose to pursue this fundraising strategy, the patterns do suggest that easy access to a network of high dollar donors is a factor in their decision calculus. Research on donors to congressional campaigns suggest these donors are clustered in a small number of zipcodes across the country, located in places like Orange County, CA, Greenwich, CT, and neighborhoods bordering Washington, DC (Gimpel, Lee, and Pearson-Merkowitz 2008). Although approximately 3 out of every 5 itemized campaign contributions from individual donors come from outside the

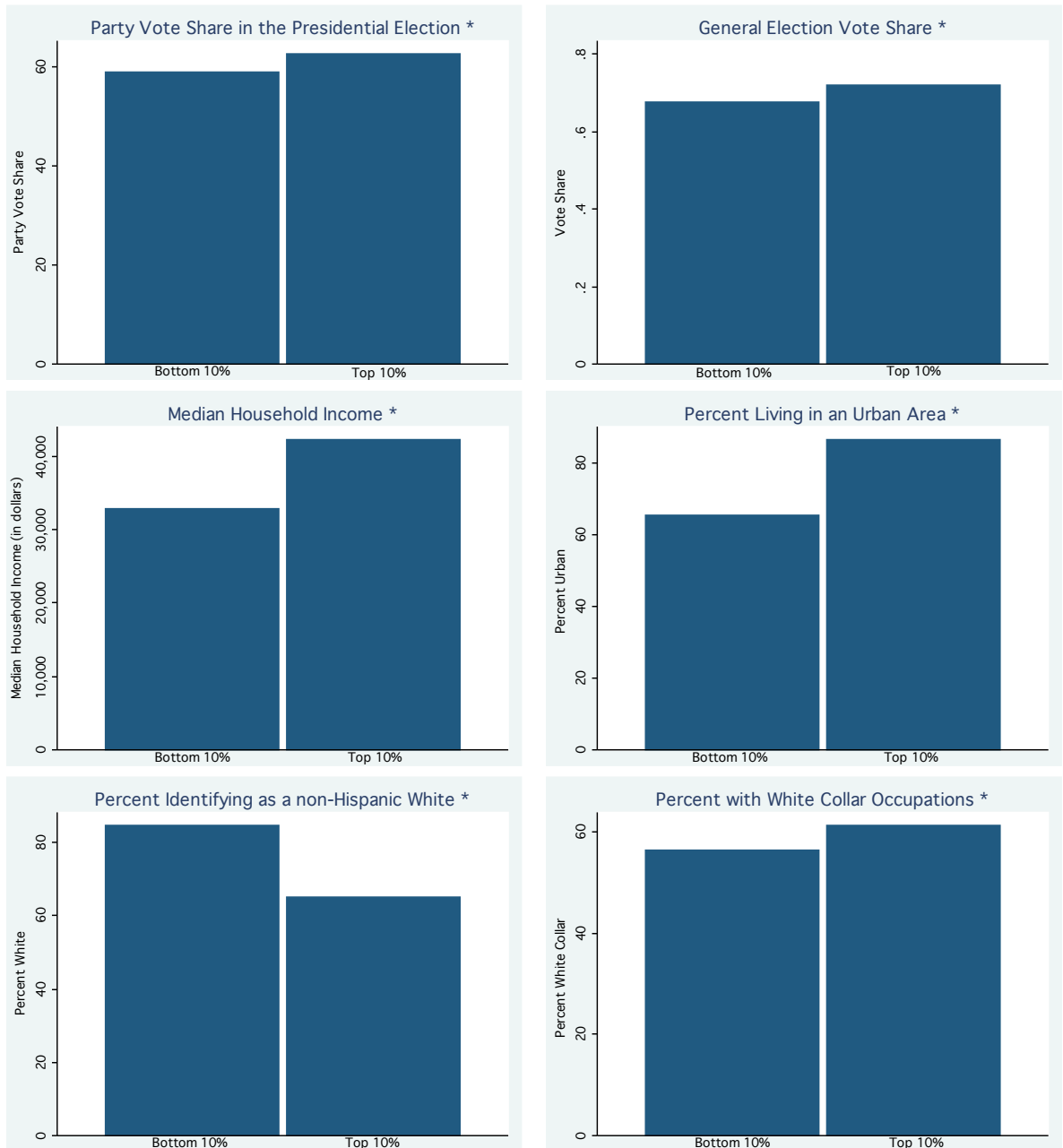
⁶That most members received a higher percentage of their total campaign funds from high dollar donors in the 2003-2004 election cycle than the 1999-2000 election cycle is readily apparent from Table 2.1. Although this data does not directly speak to why this pattern exists, it is most likely due to higher limits on individual contributions established by the Bipartisan Campaign Reform Act of 2002 just prior to the 2004 cycle.

Table 2.1: Candidates who are the Most and Least Reliant on Large Individual Contributions

Most Reliant Republicans	% overall	Year	Most Reliant Democrats	% overall	Year
Jim DeMint (SC-4)	0.71	2000	Martin Meehan (MA-5)	0.75	2004
Dana Rohrabacher (CA-46)	0.66	2004	Tom Lantos (CA-12)	0.68	2004
Ander Crenshaw (FL-4)	0.62	2004	Edward Markey (MA-7)	0.65	2004
Bob Inglis (SC-4)	0.61	2004	Edward Markey (MA-7)	0.64	2000
John Culberson (TX-7)	0.61	2004	Rahm Emanuel (IL-5)	0.63	2004
Jeff Flake (AZ-6)	0.56	2004	Alan Mollohan (WV-1)	0.62	2004
Mark Kirk (IL-10)	0.55	2004	Nita Lowey (NY-18)	0.61	2004
Van Hilleary (TN-4)	0.54	2000	Nita Lowey (NY-18)	0.59	2000
Bobby Jindal (LA-1)	0.54	2004	John Murtha (PA-12)	0.59	2004
Ralph Regula (OH-16)	0.54	2000	Jane Harman (CA-36)	0.58	2004

Least Reliant Republicans	% overall	Year	Least Reliant Democrats	% overall	Year
James Leach (IA-1)	0	2000	Collin Peterson (MN-7)	0.01	2000
Tom Osborne (NE-3)	0	2000	Collin Peterson (MN-7)	0.02	2004
Tom Osborne (NE-3)	0	2004	Tony Hall (OH-3)	0.02	2000
Terry Everett (AL-2)	0.02	2000	Karen Thurman (FL-5)	0.02	2000
William Jenkins (TN-1)	0.03	2000	Pete Stark (CA-13)	0.03	2000
William Jenkins (TN-1)	0.04	2004	Thomas Barrett (WI-5)	0.03	2000
Vernon Ehlers (MI-3)	0.04	2000	Ted Strickland (OH-6)	0.04	2000
Paul Gillmor (OH-5)	0.04	2000	Earl Pomeroy (ND-1)	0.04	2000
Darrell Issa (CA-48)	0.04	2000	Martin Olav Sabo (MN-5)	0.04	2000
Thomas Petri (WI-6)	0.05	2000	Peter DeFazio (OR-4)	0.04	2000

Figure 2.3: District Characteristics and Members' Dependence on High-Dollar Donors Relative to Smaller Individual Donations



Note: * indicates a significant difference between the bottom 10% and the top 10% at the 0.05 level.

district (Gimpel, Lee, and Pearson-Merkowitz 2008), congressional candidates who live close to these locations will have an easier time identifying with, spending time with, and otherwise building relationships with big donors.

2.4.2 Additional Explanatory Variables

District characteristics, such as the ideology and partisanship of voters in the district, should also impact whether members adopt more or less extreme ideological positions. Candidates respond to the ideological and partisan composition of their district. Previous work has frequently used the two party presidential vote in each district to capture the political preferences of voters in the district (see, e.g., Ansolabehere et al. 2001). I construct measures of voter preferences in each district using the 2000 and 2004 NAES. The NAES data are cross-sectional polls of the American electorate that were conducted throughout the 2000 and 2004 presidential campaigns. The NAES contains large enough samples of the voting population that I can construct more direct district level measures of voter preferences, with the exception of congressional districts in Hawaii and Alaska because the survey was not conducted in those states. The sample sizes in the NAES allow me to create survey-based measures of voter preferences in each district (Clinton 2006).

The first of these measures is the ideology of the mean voter in each district. This measure represents the mean **ideology of the general electorate** in each district, or in other words, the geographic constituency each candidate represents.⁷ I construct this variable using respondents' self-reported ideology. Respondents were asked to place themselves along a five point ideology scale, ranging from very con-

⁷Spatial theories focus on the importance of the median voter, however, using the ideology of the median voter does not provide meaningful variation between the districts. Because the ideology variable in the survey is a five point scale, the median voter in virtually every district would be located at the same point. For the purposes of this study, the ideology of each district's mean voter is more substantively interesting.

servative (1) to very liberal (5). For districts that elected a Democratic member, the general electorate ideology is the mean ideology in the district for respondents who voted (or intended to vote) in the general election. I recoded the ideology variable in districts that elected a Republican so that the values were reversed and ranged from very liberal (1) to very conservative (5). I then took the mean ideology for these districts' respondents as well. In both cases, higher values represent more ideologically extreme districts (greater conservatism in Republican represented districts and greater liberalism in Democrat represented districts). Members elected in districts with a more extreme general electorate should themselves be more ideologically extreme if their ideological position reflects their geographic constituency.

I also used the 2000 and 2004 NAES to construct a measure of **district partisanship**. This measure captures the partisan composition of the district by measuring the size of the partisan base in each district. The NAES includes a basic partisanship survey question that asks respondents whether they consider themselves a Republican, a Democrat or an independent. In districts that elected a Republican, the partisan base measure was constructed by taking the percentage of respondents in the district that self-identified as Republicans.⁸ For Democratic districts, the partisan base in the district is the percentage of respondents in the district that identify themselves as a Democrat. Candidates running in a district with a larger partisan base should be more extreme because they face less competition from the opposing party.

One of the tradeoffs candidates face is whether to position themselves to appeal to their core voters to win their party's nomination or moderate to win more votes in the

⁸Butler (2009) constructs two separate measures of the partisan base using the NAES data and finds that both measures lead to the same substantive results. The first measure includes only strong party identifiers and the second includes all party identifiers (i.e., both strong and weak identifiers). This analysis only includes strong party identifiers in the measure of the partisan base.

general election (Adams and Merrill 2008; Burden 2004). Accounting for this tradeoff is also important because the growing ideological extremism of party activists, a subset that has considerable overlap with primary voters, is one explanation for polarization (Theriault 2008). I construct the variable measuring the **ideology of the primary electorate** in the same manner as the general electorate ideology variable. Using the same five point ideology scale, I calculated the mean ideology of respondents in each district who voted in or intended to vote in the winning party's primary election. Republican primary voters were used to construct the measure for districts where a Republican won and Democratic primary voters were used in Democratic districts. The ideology scale was recoded in the same way as with the general electorate measure, so that higher values indicate greater primary extremism. More extreme primary voters should pull successful candidates away from the ideological middle.

The last variable I include is the winning **candidate's vote share** in the election. There is some disagreement in the literature about whether safe districts cause more candidate divergence and more extreme members (Ansolabehere et al. 2001; Fiorina 1974; Ladewig 2010; Mayhew 1974). It is included here because, although the direction of the effect is somewhat uncertain, many studies find that incumbents' electoral safety affects their ideological position. This variable was obtained from the 2002 and 2006 Almanacs of American Politics. The candidates' electoral safety was constructed using their vote share in the relevant general election (i.e., the 2000 vote share for candidates serving in the 107th Congress and the 2004 vote share for candidates who served in the 109th). The descriptive statistics for all variables are displayed in Table 2.2.

I estimated an ordinary least squares (OLS) model to test the influence of high dollar donors on members' ideological extremity as evidenced by their roll call vot-

Table 2.2: Descriptive Statistics

Variable	Mean	Std. Dev.	Minimum	Maximum
Ideological Extremism	0.46	0.17	0.04	1.18
Partisan Base	0.36	0.08	0.13	0.68
General Electorate Extremism	3.11	0.27	2.43	3.75
Primary Electorate Extremism	3.46	0.32	2.52	4.13
Vote Margin	0.69	0.13	.46	.99
High Dollar Donations (% individual)	0.47	.18	0	.92
High Dollar Donations (% total)	0.24	0.13	0	0.75

ing behavior. The dependent variable in all the models is the measure of members' ideological extremity. Recall that higher values indicate more extreme roll call voting records. The main independent variables of interest are the measures of large individual contributions to the candidates as a percentage of their total individual contributions and their overall campaign funds from all sources.

2.5 Results

The key tests of my hypotheses are presented in Table 2.3. The first column of regression results contains the estimates from the first model, which uses the contributions variable that measures the reliance on high dollar donors as a percentage of funds raised from individual donors. The second column contains the estimates from the model that uses the measure of the total amount from high dollar donors as a percentage of total funds raised. The critical test of the hypothesis is the interaction

between the members' party and their reliance on high dollar donors. While I expect that Democrats who receive a larger portion of their campaign funds from high dollar donors will respond to these individuals by moderating their roll call voting behavior, I anticipate that greater reliance on high dollar donors will pull Republican members toward the ideological extremes.

Table 2.3: The Impact of High Dollar Donations on Ideological Positioning

Variable	Individuals Only	All Sources
Partisan Base	0.445* (0.073)	0.415* (0.073)
General Electorate Extremism	0.114* (0.032)	0.124* (0.032)
Primary Electorate Extremism	0.136* (0.026)	0.141* (0.026)
Vote Margin	0.061 (0.040)	0.058 (0.040)
High Dollar Donations (as % of donations from individuals)	0.072 (0.051)	
High Dollar Donations (as % of total funds)		0.188* (0.069)
Democrat	0.004 (0.032)	0.007 (0.025)
Donations*Democrat	-0.182* (0.061)	-0.333* (0.082)
Constant	-0.560* (0.087)	-0.610* (0.087)
N	826	826
R-squared	0.43	0.44

Note: Coefficients are OLS estimates. Standard errors are in parentheses.

* indicates $p \leq .05$, two-tailed tests.

Regardless of whether the importance of large individual contributions is measured relative to other individual contributions or relative to the total amount of

campaign funds a member raises in that electoral cycle, both models show that high dollar donors moderate the voting behavior of Democratic members. Democratic members of the House with greater reliance on these big donors as a source of campaign funds adopt less extreme ideological positions. When Democratic members receive an additional twenty percent of their individual contributions from these high dollar donors (roughly a one standard deviation shift), they moderate their voting behavior by .02 on the 0 to 1 ideological extremity scale than would otherwise be expected given their district's characteristics. Democrats' response to these donations is statistically different from Republican members but Republicans do not have the opposite response. Raising a larger amount of money from large individual contributions instead of individual contributions in smaller amounts does not alter the behavior of Republican members. Their voting behavior is primarily a function of their district characteristics; high dollar donors do not seem to exert an independent effect on their behavior, at least not when considering their importance relative to other individual contributions.

The differential impact of high dollar donors on members' voting behavior is even more stark when the importance of these donations is measured relative to all other possible sources of campaign funds. In the second model, receiving a greater percentage of money from large individual contributions once again has a different impact on Republicans and Democrats, as expected. When the importance of high dollar donors relative to all other sources of campaign money is considered, however, these donations do affect push Democrats and Republicans in opposite directions; in response, Democrats become more moderate and Republicans become more extreme. Increasing the percentage of these contributions by fifteen percent (again, about a one standard deviation shift) moderates Democrats roll call voting behavior by roughly the same amount as before (0.02) but has a greater substantive effect on Republican

members, causing them to be almost 0.03 points more extreme. These effects may seem small, but the impact of receiving money from large individual contributions is much larger when considering this variable’s full range of values.

Table 2.4: Fitted Values for Model with Large Individual Contributions as a Percentage of Overall Campaign Funds (Dependent Variable = Ideological Extremity)

	Republicans	Democrats
% of total funds = 0	0.45 [0.41, 0.49]	0.46 [0.43, 0.49]
% of total funds = 0.24	0.50 [0.48, 0.52]	0.42 [0.41, 0.44]
% of total funds = 0.75	0.59 [0.53, 0.67]	0.35 [0.30, 0.40]

Note: 95% confidence intervals are in brackets.

Table 2.4 contains the fitted value of ideological extremity for Republican and Democratic members of Congress across varying levels of reliance on high dollar donors. While holding all the other variables at their mean or modal value (depending on whether the variable was continuous or binary), I allow the amount members received from large individual contributions as a percentage of their total funds to change from the minimum value (0) to the mean (0.24) to the maximum (0.75). The same asymmetry that was apparent in the earlier results is also clear in Table 2.4. When the average Republican member’s reliance on large individual contributions increases from zero percent of their total funds to three quarters, their ideological extremity increases by almost 0.15. Their rightward movement in response to high dollar donors becoming an important source of their campaign funding is substan-

tively meaningful, causing Republican members to move almost an entire standard deviation to the ideological extremes. The impact of relying on high dollar donors causes slightly less dramatic ideological movement among Democratic members but still moderates their voting behavior by just over one tenth of a point. The Democratic response is substantively significant when you consider that the Democratic party mean has moved roughly 0.15 the same scale in the last fifty years, during a period with large increases in partisan polarization.

The other variables also have the anticipated effect on ideological movement. District partisanship and ideology both influence how ideologically extreme candidates are once elected to the House. When the size of the partisan base in the district increases, members in both parties respond by becoming more extreme. These results suggest that members elected in districts that are either safely Democratic or Republican have more support (or pressure) to become a solid liberal or conservative in the House. Members in swing districts that are more closely divided along party lines moderate their voting behavior, perhaps to avoid alienating voters that are not in the partisan base but whose votes members still need to get reelected in close districts. District ideology unsurprisingly has a similar impact on members' ideology extremity. Members' voting behavior reflects the ideological extremity of their district; members from conservative and liberal districts are more extreme than members elected by more centrist districts.

In addition to their geographical constituency, members also consider the political preferences of primary voters, a subset of voters that is particularly important to their election prospects. In fact, the coefficients in both models indicate that members are actually more responsive to their primary electorate than the broader general electorate in their district. This finding lends additional evidence to existing research on partisan polarization in Congress that points to primary voters and party activists

as groups that have grown more extreme and pushed Democrats and Republicans to the left and right, respectively. Once these district characteristics are accounted for, which in many ways capture how safe the district is for Republican or Democratic members, members' vote margin does not have a separate statistically significant effect on their ideological placement.

These results point to a connection between the source of members' campaign funds and their ideology. A lingering question, however, is whether money from these big donors is simply flowing to members who already reflect their political preferences. In other words, is relying on large individual contributions for campaign funds actually altering members' ideological placement or a result of it? I examine the impact of high dollar donors on newly elected members of Congress to help untangle the direction of the causal arrow.

When new candidates emerge and run for the U.S. House, there is usually some information about where they lie along the left-right spectrum. Candidates who are competitive in an open seat race or as a challenger typically have some electoral experience. Their prior electoral experience, in their state legislature for instance, does not send a particularly strong signal to potential donors about their political preferences. For instance, there may be little overlap between the policy issues the state legislature and Congress handle. Candidates who have previously served in political office may also have a limited voting record for donors to use when they decide whether to contribute money to that candidate. While candidates obviously make campaign promises and spend time discussing their political preferences with voters and potential donors, these promises are not as credible as the proven voting records members of Congress have. Since it is unlikely that high dollar donors contribute to challengers and candidates in open seat races because they are certain those candidates already have political preferences that match their own, if an association

between these donations and voting behavior exists, it provides more evidence that reliance on high dollar donors alters members' ideological placement.

The results from the analysis of freshmen members of Congress are presented in Table 2.5. All the variables are the same as in the previous models. The only difference is that this analysis only includes freshmen members of Congress, a subset of the larger sample of all members of the 107th and 109th Congresses. These models provide additional support for the theoretical expectation that high dollar donors have a distinct set of political preferences from other important constituencies, such as the geographic constituency or primary voters. Even more important, members appear to respond to these donors' preferences, even when they pull them away from their district, because winning these donors' support and their contributions is important for members who rely on them to fund a substantial portion of their campaign.

As in the models for the full sample, Republicans' ideological position is not dependent on what percentage of their total individual contributions are in amounts of at least \$750.⁹ Newly elected Democrats, however, who receive a greater share of their individual contributions from in amounts of \$750 or more are constrained by these donors and moderate their voting behavior. When the percentage a freshmen Democrat receives from high dollars donors increases by fifteen percent,¹⁰ they are 0.04 points more moderate on the 0 to 1 left-right scale. This effect is twice the magnitude of a similar one standard deviation increase in this variable in the model of all members' voting behavior. Although this hypothesis is not directly tested in this study, freshmen members may be unusually responsive to high dollar donors for

⁹At the .05 level, high dollar donors have no impact on Republican members. At the .10 level, however, Republicans who receive a larger share of individual contributions come from these donors are more ideologically extreme.

¹⁰This increase represents a one standard deviation shift in this variable for the restricted data set that contains only freshman members.

Table 2.5: The Impact of High Dollar Donations on Ideological Positioning for Non-Incumbents

Variable	Individuals Only	All Sources
Partisan Base	0.615* (0.221)	0.564* (0.230)
General Electorate Extremism	0.047 (0.117)	0.043 (0.132)
Primary Electorate Extremism	0.225* (0.084)	0.250* (0.086)
Vote Margin	0.252 (0.145)	0.252 (0.150)
High Dollar Donations (as % of donations from individuals)	0.238 (0.153)	
High Dollar Donations (as % of total funds)		0.250 (0.220)
Democrat	0.082 (0.092)	0.016 (0.081)
Donations*Democrat	-0.495* (0.235)	-0.563 (0.376)
Constant	-0.827* (0.283)	-0.836* (0.296)
N	77	77
N Dem	26	
N GOP	51	
R-squared	0.62	0.61

Note: Coefficients are OLS estimates. Standard errors are in parentheses.

* indicates $p \leq .05$, two-tailed tests.

two reasons: (1) their ideological movement is less constrained because they do not have existing vote records and ideological reputations, and (2) their relative lack of electoral safety may make them especially responsive to individuals who can help them build a large war chest.

The asymmetric impact of these donations on Democrats and Republicans is only apparent in the models that measure large individual contributions as a percentage of the total amounts given by individual donors. The model with the second measure of these contributions shows that a greater reliance on large individual contributions does not impact either Democratic or Republican members after controlling for the characteristics of their district.¹¹ The partisan and ideological composition of the district also have the expected effects in this model as well, although the general electorate does not have a statistically significant impact on freshmen members' voting behavior. Both the size of the partisan base and the ideological extremity of the primary electorate have a positive relationship with the members' ideological extremity as expected.

2.6 Conclusion

These results suggest that when members look towards high dollar donors for a substantial portion of their campaign funds, their reliance on this group alters their voting behavior in Congress, even after controlling for important district characteristics that are known to affect members' ideological placement. In particular, receiving a larger share of campaign donations from these big donors pulls Democratic members towards the center and pushes Republicans to more extreme positions than expected given their district's electoral landscape. The impact of donors on their ideological positions is even more pronounced among freshmen Democrats in Congress,

¹¹It is likely this result is partially a function of the small sample sizes when examining the voting behavior of a small subset like freshmen members.

which suggests that more junior legislators are particularly responsive.

Although the impact of individual big donors on the parties' roll-call voting behavior over time is not directly tested in this study, these results have important implications for the asymmetric polarization observed in Congress over the past few decades. Party polarization in Congress is the aggregate result of individual reelection-seeking members pursuing their own goals. As congressional campaigns become more costly, members face more pressure to raise campaign funds. Not all members respond to these pressures with the same campaign fundraising strategy, but for members who count on the support of individual big donors there are incentives to respond to donors' potentially unique set of policy preferences. The relative ideological moderation of Democratic members who rely on big donors suggests responding to this elite group of voters may be constraining the ideological extremism of individual Democratic members, which would create the aggregate polarization pattern we see—Republicans have moved sharply to the right while Democrats have drifted more slowly leftward.

The evidence on the link between big donors and Republicans' ideological placement is a bit more mixed. While some models suggest Republican members with greater financial support from big donors are more extreme, other models suggest donors do not have an independent effect on Republican members. One potential explanation is that high dollar donors who contribute to Republican candidates may have similar policy preferences as the Republican party base. If donors do not have distinctive preferences from the other electoral constituencies individual members respond to, donors should reinforce where Republicans would choose to position themselves based on their district, primary constituency, and other factors rather than creating incentives for members to diverge from their expected ideological placement. That Democratic members who rely on big donors are systematically pulled towards

the ideological middle suggests the preferences of campaign donors are in fact distinct from Democratic members' districts, partisan base, and primary electorates.

In addition to demonstrating the impact of campaign donors on ideological positioning and providing a potential explanation for asymmetric polarization, these results also raise questions about the impact of donors on dyadic representation. The relationship between members and their districts is reinforced by the electoral connection. Members of Congress have incentives to align themselves with their district to win votes; however, this study suggests the campaign for resources and the incentives it generates to respond to donors may also impact members' congressional behavior, particularly their roll-call votes. Because a significant portion of individual donors who make large campaign contributions do not reside in members' districts, these findings suggest the impact of donors on members' representation of their home district should be further explored.

3. BIG DONORS AND CONGRESSIONAL POLICY PROPOSALS

3.1 Introduction

Members of Congress face a relatively small set of choices by the time a bill reaches the floor for a roll call vote. Nearly all members vote on each bill and roll call votes are typically up or down votes on a bill whose content has already been determined. In contrast, members have much greater discretion over other aspects of their legislative behavior such as bill sponsorship and committee work. This discretion allows members to tailor their legislative activity to their electoral, policy, and institutional goals, but also raises complex tradeoffs. In the context of bill sponsorship, they must decide how many bills to sponsor, what policy issues to address, and what policy solutions to propose. The electoral connection ensures the choices members of Congress make at this stage will likely be influenced by constituency preferences and priorities, but it is less clear how and when the interests of specific subconstituency groups matter. This paper focuses on the impact one small but particularly important subconstituency, big donors, has on the types of bills members introduce, and more specifically, on the policy solutions they tend to propose.

Research on bill sponsorship primarily focuses on the number of bills members introduce and their attention to different policy issues, however, much of the time-intensive legislative work goes into determining the policy design of each bill and drafting the corresponding legislative language. One of the most fundamental content decisions members make is *how* to solve the policy problem, particularly what policy tool to use. Policy tools are the specific mechanisms legislators use to achieve their policy objectives. Direct government spending is the most common policy tool

members of Congress use, and the most frequently studied by political scientists, but direct government spending is only one form government action can take. For example, policymakers can also address policy problems by altering the tax code, subsidizing private lenders, or introducing new regulations. These alternative policy instruments are considered indirect policy tools. Unlike direct spending, indirect policy tools typically deliver policy benefits through more market-based mechanisms such as the tax system and private lenders (Salamon 2002).

To some extent, policy tools can simply be considered different means to an end. Many social problems the government tries to solve such as increasing home ownership rates can be tackled in multiple ways. For example, the government can subsidize home ownership directly through a government spending program or indirectly through tax expenditures like the existing Home Mortgage Interest Deduction. Though both policies address a similar public problem—they make home ownership more affordable—research suggests the tools policymakers choose matter because they impact outcomes. Direct government spending typically increases the role of the public sector relative to the private sector, redistributes downward from wealthier to poorer voters, and increases the public’s awareness of government policy interventions (Howard 1997, 2007; Hacker 2002; Mettler 2011).

Indirect tools such as tax expenditures and loan guarantees tend to have the opposite effect. They rely heavily on the private sector to sort out public policy problems and deliver social benefits. The role of government in indirect policies is limited to restructuring market incentives to encourage the private provision and consumption of benefits. Because social benefits are not delivered directly to individuals through a government program, the government has less control over how many and when these benefits are provided. Indirect tools also tend to provide larger benefits to higher-income voters (Howard 2007; Burman, Toder, and Geissler 2008;

Toder and Baneman 2012) and decrease the visibility of and support for government social policy (Hacker 2002; Mettler 2011). Recent research shows that voters also perceive direct and indirect spending as ideologically distinct policy approaches and vary their response to Congress' policy output accordingly (Ellis and Faricy 2011).

Given the broad range of policy instruments members of Congress can choose from, how do members decide which approach to take? Previous research suggests members' policy tool choices are motivated in part by ideology—conservatives prefer indirect policy mechanisms and liberals prefer direct government spending. This study argues that donors also influence the policy designs members of Congress propose. Members of Congress use bill sponsorship to communicate their priorities and preferences to their constituents and influence the legislative agenda. The pressure to continually raise campaign money from supporters combined with the typical voter's relatively low attentiveness to the bill sponsorship stage creates incentives for members of Congress to represent the interests of their donors at this stage. These incentives motivate members to sponsor bills that fit with big donors' perspective of how and when government should intervene to deliver social and economic benefits.

3.2 Literature Review

Like other aspects of congressional behavior, members' bill sponsorship is influenced by constituency demands. Introducing a new bill is costly both in terms of staff resources and opportunity costs. It requires time and resources to draft a bill and build support for its passage, which encourages members to carefully choose the legislative issues they work on and the bills they introduce (Hall 1996; Wawro 2000). Members' primary goal of reelection incentivizes them to allocate their limited time and resources to bills with a large electoral payoff. Members of Congress increase their electoral support by focusing on introducing bills that demonstrate they care

about the same policy issues as their constituents and share their policy preferences.

Sponsoring bills that reflect voters' priorities is one form of legislative responsiveness. In the aggregate, the issues on the legislative agenda track closely over time with the problems the public thinks are most pressing (Jones and Baumgartner 2004, 2005). At the micro-level, individual members are also active on policy issues that align with their constituents' interests. Members of Congress use bill sponsorship to communicate their legislative priorities to constituents and place policy issues their constituents value on the legislative agenda. Because members can choose from a nearly infinite set of issues to act on, the limited set of bills they do introduce send clear signals about the intensity of their preferences (Rocca and Gordon 2010). Introducing a higher number of bills in certain policy areas is one way members communicate that their priorities align with their constituents'. Previous studies of bill sponsorship find that the number of bills members of Congress introduce on specific policy issues such as agriculture and health depends on their district's relative income, racial composition, the relevant industries' role in the local economy and other district demographics (Highton and Rocca 2005; Woon 2009; Hayes, Hibbing, and Sulkin 2010). Members also use bill sponsorship to develop stronger reputations in areas of perceived electoral weakness. Members of Congress often introduce bills on issues raised by their challengers to enhance their electoral prospects in the next election cycle (Sulkin 2005).

Just as the types of bills members sponsor is motivated by their electoral goals, so too is the ideological content of the bills they introduce. Along with congressional activities like floor speeches, press releases, and cosponsorship, sponsoring bills is an opportunity for position-taking (Mayhew 1974). Reelection-seeking members of Congress introduce bills that allow them to demonstrate they share their constituents' ideological preferences. Though the empirical literature has predomi-

nantly focused on the constituency determinants of issue attention rather than the ideological content of bills, Highton and Rocca (2005) show that the ideological direction of members' bills aligns with district opinion on salient policy issues such as abortion.

3.3 Theory

Prior research shows that electoral considerations are an important predictor of the bills members of Congress introduce. Their reelection goal motivates them to shape their sponsorship activity so it reflects the policy priorities and preferences of their constituents. This study builds on previous research by demonstrating that policymakers' electoral motives also drive them to represent donor interests at the bill sponsorship stage. While campaign donors, particularly the individual big donors this study focuses on, compose a small share of members' electoral coalitions, their financial support is essential to many members' reelection efforts and likely to affect how members allocate their limited time and resources at the bill sponsorship stage. In particular, members who receive greater support from big donors and want to retain their financial support in the next election cycle will be motivated to sponsor bills that reflect donors' legislative priorities and approach solving public problems from a similar perspective.

Members of Congress have clear financial incentives to respond to donors at the bill sponsorship stage. Research on the connections between bill sponsorship and campaign contributions is limited, but suggests bill sponsorship can have a financial payoff for members. Both the positions members take in the bills they sponsor (Rocca and Gordon 2010) and how effectively they guide their bills through the legislative process (Box-Steffensmeier and Grant 1999) lead to increased donations from political action committees. Though this study focuses on individual big donors rather

than political action committees, these studies support the notion that donors are aware of and respond to members' bill sponsorship. This responsiveness creates an incentive for members to incorporate donors' preferences into the bills they introduce to expand and retain the support of their campaign donors.

The early stages of the legislative process may also be an ideal place for members of Congress to respond to high dollar donors for another reason: low visibility. While previous research suggests political elites such as donors are aware of the bills members introduce, the average voter is likely less attentive to bill sponsorship than later stages of the legislative process such as roll call voting. Roll call voting behavior is largely dictated by constituency preferences and party (Clinton 2006; Snyder and Groseclose 2000; McCarty, Poole, and Rosenthal 2001), however, the lower visibility and greater discretion members have during bill sponsorship enables a greater range of influences to impact members' sponsorship decisions. It also makes responding to a narrow constituency whose preferences may conflict with district constituents and party leaders less risky.

If members of Congress respond to big donors' preferences (or their perceptions of donors' preferences), how would donors be expected to influence the types of policies members do and do not place on the legislative agenda? I argue that donors influence the types of policy solutions members prioritize. In general, donors and the larger group of wealthy individuals they are typically a part of (Verba, Scholzman, and Brady 1995; Francia et al. 2003; Francia et al. 2005) should be less likely to favor direct government intervention to address social welfare issues irrespective of their partisanship and issue priorities. Studying the preferences of donors and other affluent voters is notoriously challenging because they are by definition an elite group, but empirical studies suggest their perspective may differ from the typical voter in

ways that correspond with preferences for specific policy tools.¹

Very affluent voters, a subset which individuals capable of making high dollar contributions to candidates are likely to be members of, typically express more conservative opinions about the proper role of the federal government and have a distinct set of policy preferences across several major policy areas including social welfare and free trade (Page, Bartels, and Seawright 2013; Gilens 2012). For instance, wealthy voters identify economic inequality and unemployment as important policy problems at similar rates as the mass public, but they are disproportionately opposed to government action to either reduce inequality or create jobs (Page, Bartels, and Seawright 2013). This finding suggests donors may prioritize similar policy issues as the general electorate² but have different views on the appropriate solution. In particular, the Page, Bartels, and Seawright (2013) study suggests the very wealthy have a greater aversion to direct government intervention in the economy. A study of donor districts and the big donors living in them offers further support for this view of donor preferences, characterizing donors as libertarian-cosmopolitan as opposed to populist-moralistic (Bramlett, Gimpel, and Lee 2011).

¹Empirical research on the policy attitudes of big donors is limited. Big donors who often contribute thousands of dollars to candidates and parties during a single election cycle are an elite group of individuals. While nationally representative surveys can offer some insights into the policy preferences of this distinct group, the sample of big donors in any given survey is typically too small to be representative. (Though unrelated to this particular study, little is known about the policy preferences of the very poor for similar reasons. Estimating opinion at both tails of the income distribution is difficult.) In addition, identifying the most affluent big donors is often difficult or impossible because top coding income is the norm in surveys. For instance, the National Annenberg Election Survey combines all respondents with a pre-tax household income of more than \$150,000 into a single income category. A collaborative effort between a large group of academics and NORC at the University of Chicago is currently working on developing and conducting a national survey of the very affluent, but so far preliminary evidence is only available from a pilot study conducted in the greater Chicago area. The current evidence on the preferences of the very wealthy and donors suggests they have distinct policy opinions with implications for their policy tool preferences, but more research on their opinions needs to be conducted before their policy perspective can be described with greater specificity.

²Though the survey also reveals that Americans in the wealthiest 1 percent attach a much greater importance to some policy problems, especially deficit reduction.

Although the exact mechanism through which donors form these preferences is unclear and beyond the scope of this analysis, one possibility is that the donors' personal interactions with the economy produce certain biases in their policy preferences. Political science research generally finds preferences for social welfare policies are driven by individuals' partisanship and ideology; in most cases, their personal economic experiences are not assumed to have a substantial impact on their policy preferences. But a recent study shows that economic experiences can shape individuals' views toward government policy. Individuals with more economic worries and less economic security are more likely to support government safety-net policies that protect individuals against economic hardship (Hacker, Rehm, and Schlesinger 2013) even after controlling for the usual factors thought to influence individuals' public opinion on these policy issues.

This finding suggests one pathway through which donors' wealth and economic successes could influence their opinions about how government should accomplish its social policy objectives. Donors may be more likely to favor market-based solutions because of their positive economic experiences. Their ability to make large contributions to congressional campaigns indicates they have been unusually successful in the private market, which may make them more likely than the typical voter to take a dismal view of government's ability to solve problems or the need for government action. Instead, they may prefer that the federal government simply alter incentives and let private actors provide the solution. It is also possible donors are less likely to prefer direct policies because direct government spending tends to redistribute downward, while indirect policies typically deliver greater benefits to the middle- and upper-class. Thus, donors may prefer indirect over direct policy tools because they are less likely to personally benefit from policies that deliver benefits through direct channels.

Regardless of how donors form these opinions, members' perception of donors' preferences for certain policy instruments should affect the types of policy solutions members of Congress propose, but their response to these incentives should vary depending on the extent to which they perceive individual big donors as critical to their financial advantage in the next election. Members of Congress who received a large share of their campaign funds from big donors during the last election have stronger incentives to use their sponsorship activity to convey to donors that they share a similar perspective. The source of their campaign funding during the previous election is an important indicator of their fundraising strategy. If they relied heavily on individual high dollar donors to fund their war chest during the last election cycle, they are likely to continue pursuing their donations in future elections to help them meet their fundraising goals. Maintaining good relationships with their existing donors and other similar potential donors allows them to raise money efficiently because they can continue reaching out to the same donor network for contributions each election.

In sum, big donors should be less likely to favor direct government action and more likely to favor market-based solutions to public problems. Their support for particular approaches to solving policy problems does not necessarily mean they share identical policy priorities and ideological goals, because the overlap between policy tools, ideology, and policy goals is imperfect. The issues donors think are important and that they want Congress to act on likely differ; however, on most issues, they may share similar opinions on the relative utility of government and private sector interventions. Members of Congress who rely on big donors to fund their reelection campaign should respond to these preferences by altering the amount of time and resources they devote to crafting bills that use direct and indirect policy tools to advance their policy priorities. In particular, members of Congress with

stronger financial ties to high dollar donors should sponsor fewer direct policy bills and more indirect policy bills relative to what one would expect given their district composition, institutional position, and ideology.

3.4 Data and Methods

Whether members of Congress prioritize indirect and direct policy mechanisms is measured using data on bill introductions, which are coded based on the policy mechanisms used in each bill. The dependent variables measure the number of direct and indirect policy bills members introduce in each Congress. The bill sponsorship data used in this study comes from the Congressional Bills Project.³ The Congressional Bills Project contains data on the entire universe of public and private bills members of Congress sponsor during a particular Congress, however this analysis focuses solely on social policy and uses a subset of bills to test the hypotheses.

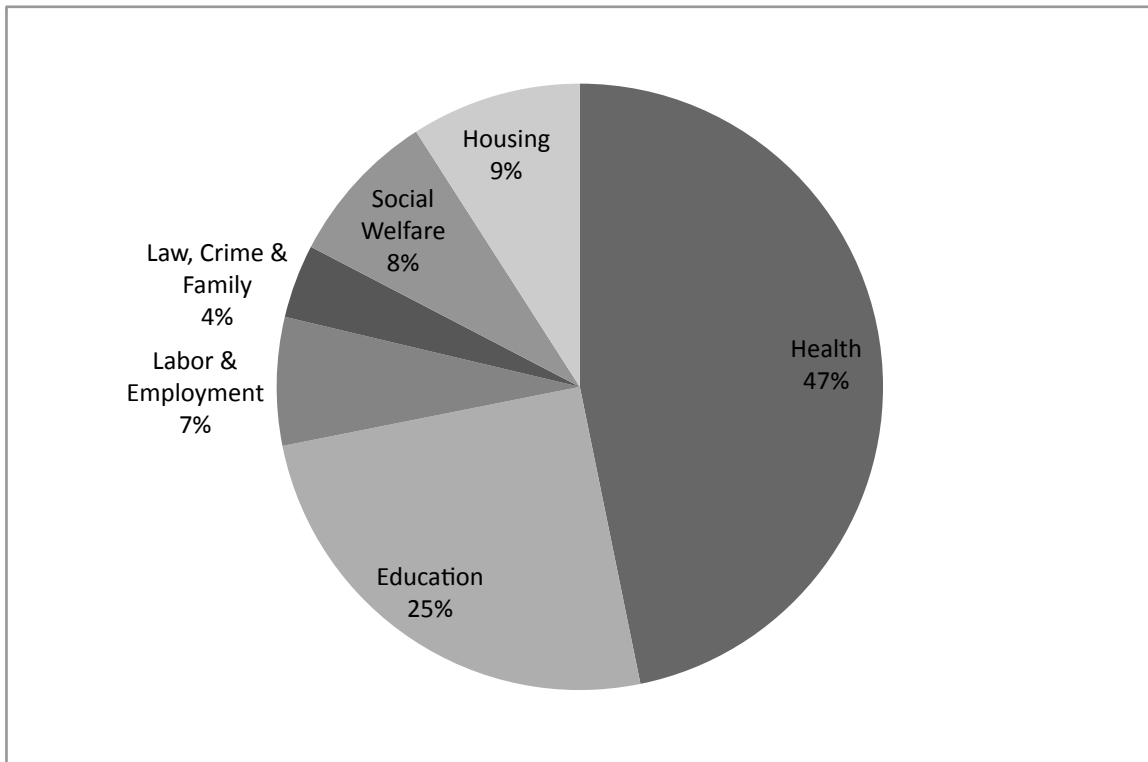
3.4.1 Determining Bill Content and Policy Mechanisms

First, the sample was restricted to social policy bills introduced in the 109th (2005-2006) and 110th (2007-2008) Congresses. Following the broad topic codes included in the congressional bills dataset, only bills in one of the following categories were considered: Health, Labor and Employment, Education, Law, Crime, and Family, Social Welfare, and Housing. These categories encompass a broad range of social welfare policy issues. As shown in Figure 3.1, health policy bills are by far the most common type of social policy bill introduced and make up 47 percent of all social policy bills sponsored during the 109th and 110th Congresses. The focus on health policy bills is unsurprising given the disproportionate impact of direct and indirect health policy programs, such as Medicare and the employer-sponsored insurance tax

³The Congressional Bills Project is located at www.congressionalbills.org. The dataset, which is maintained by E. Scott Adler and John Wilkerson, provides information about bills introduced in the U.S. Congress during the period 1947-2008.

exclusion, respectively, on the federal budget. After health care policy, education policy gets the second largest amount of attention from lawmakers and makes up one-quarter of the social policy category. The remaining policy topics, such as housing and traditional social welfare programs, receive less attention from members of Congress, which again likely reflects their relative impact on the federal budget and the shrinking amount of the budget dedicated to non-defense discretionary spending as well as the narrower scope of these policy issues.

Figure 3.1: Social Policy Bills Introduced during the 109th and 110th Congresses, by Topic



The full set of social policy bills was further restricted to bills impacting either the spending or revenue side of the federal ledger. In particular, the analysis is limited

to bills involving direct government spending, tax expenditures, or loan guarantees. Other forms of indirect policy, such as regulatory policy, were excluded from the analysis because the research linking policy tools to outcomes primarily discusses tax expenditures and loan guarantees. Each bill was then coded as using direct or indirect policy tools. Some bills included multiple types of policy mechanisms (for example, single bills proposing both direct spending and tax expenditures) and were coded as including both tools.

Although policy mechanisms are associated with certain redistributive outcomes on average, it is important to distinguish between the policy mechanisms members choose to employ and their ideological objectives. While there is a relationship between policy tools and objectives, the overlap is imperfect.⁴ This analysis, and consequently the bill coding scheme, focuses solely on *how* members choose to pursue their social policy goals and deliver social benefits, not the ideology of their objectives. Tools and ideology are treated as distinct concepts in the literature (see Howard 1997, 2007; Hacker 2002; Salamon 2002; Faricy 2011; Ellis and Faricy 2011; Mettler 2011) and that convention is followed here; bills are coded as using indirect or direct policy mechanisms irrespective of the social policy goal the member hopes to accomplish.

Consider the following labor and employment bills introduced during the 110th Congress. The first bill—the Online Job Training Act of 2008—was introduced by

⁴Prior work (Howard 1997, 2007; Hacker 2002; Faricy 2011) suggests a strong connection between members' ideology and their approach to solving public policy problems. The market-based approach associated with indirect policy tools increases this approach's popularity among ideological conservatives. Conversely, direct government programs are the preferred solutions of liberals. Despite their similarities, policy tools and ideology are distinct concepts. For instance, policy tools are a political outcome associated with ideology, but members' ideological leanings are almost certainly causally prior. Ideology determines the type of policies members prefer and policy tools determine the actual structure of how government action to solve the problem is carried out (Salamon 2002). Policy tools and ideology also have distinct dimensions. Ideology is typically defined in terms of the single dimension liberal-conservative scale. In contrast, policy tools are defined by their degree of coercion, directness, automaticity and visibility (Salamon 2002; Mettler 2011).

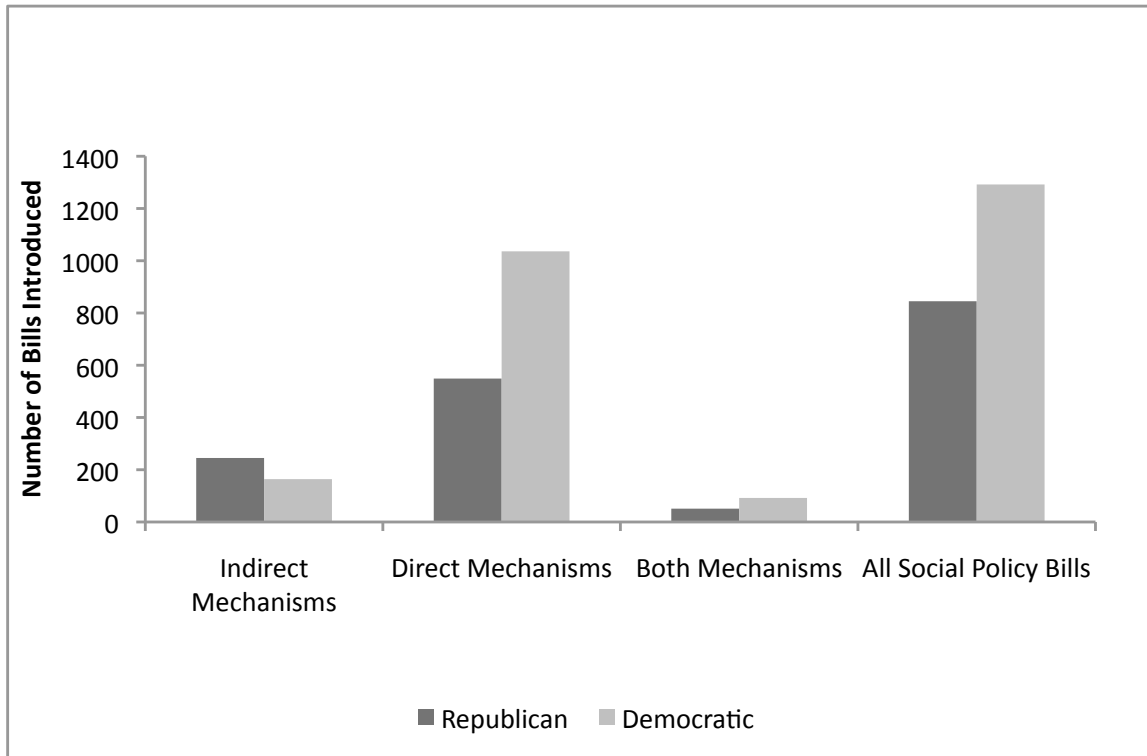
Representative Rush Holt, a Democrat representing the New Jersey 12th. This bill proposes making grants to states for the implementation of workforce investment programs that allow individuals to take online courses. Because the Online Job Training Act proposes modifying direct government spending and delivering social benefits through a new government program, this bill is coded as a direct bill. In contrast, the Tax Incentives for Growth, Expansion and Revitalization Act of 2008 is coded as an indirect bill. The bill, sponsored by Democratic Representative Brian Higgins (NY-27), proposes altering the tax code to allow employers to claim a tax deduction for a portion of their income generated by conducting business activities in a high-job loss region. Both bills are intended to increase labor force participation and reduce unemployment; however, the first bill proposes altering direct government spending to help states directly provide additional services to individuals, while the second bill proposes creating tax incentives to encourage employers to operate in geographical regions with high employment.

This coding approach is nuanced enough to test the hypotheses in this study, but the approach has some limitations. The main limitation is that the coding scheme accounts for the policy instrument each bill proposes, but does not take into account the relative importance of each bill to the federal budget or public policy. Unlike previous empirical studies of social policy tools (e.g., Faricy 2011), indirect and direct bills that represent large public programs are treated the same as relatively small public programs. While it would be ideal for Congress and the public to know the budgetary impact of all bills, the Congressional Budget Office only prepares budget estimates for a limited set of proposed policies and the Joint Committee on Taxation only estimates the federal revenue impact of current law tax expenditures. These data limitations make it impossible to account for the relative budgetary and substantive importance of the bills members introduce.

Following the coding scheme described above produces a sample of about 2,900 social policy bills, of which just over 2,100 bills propose the use of either direct spending, tax expenditures, or loan guarantees. Social policy bills that fall under the broad categories included in this analysis (health, workforce development and training, education, traditional social welfare, and housing) compose approximately one-fifth of all bills proposed during the 109th and 110th Congresses, and are central to the debate over the role and size of government. Of these bills, three-fifths were introduced by Democratic representatives (see Figure 3.2). The greater propensity of Democrats to introduce bills reflects their preference for more government action (Schiller 1995). Democratic members' preference for direct policy tools, and in contrast, Republicans' preference for indirect tools is also apparent from the sample of bills. In general, the majority of bills (80 percent) propose altering direct government spending, however a substantial minority (20 percent) of bills propose social policies that would modify tax or loan subsidies. A small share of introduced bills, typically bills proposing a larger policy initiative, use multiple policy mechanisms but most members introduce bills that would achieve their social objective with a single policy tool.

The bills that propose either direct or indirect policy mechanisms (or both) were aggregated to generate counts of the types of bills each member sponsored. Bills were aggregated by member within each Congress to generate the two dependent variables used throughout the analyses: 1) the number of bills using direct policy mechanisms each member sponsored and 2) the number of bills using indirect policy mechanisms each member sponsored. A third member-level bill count—the total number of social policy bills each member sponsored—was also created. The number of social policy bills sponsored is used as a control variable in the analyses. It controls for members' overall propensity to introduce social policy bills of any type.

Figure 3.2: Type of Policy Mechanism Proposed, by the Bill Sponsor's Party Affiliation



The hypotheses predict stronger financial ties with high dollar donors will influence members' relative preference for direct and indirect tools, not their overall level of activity on social policy bills.

3.4.2 Explanatory Variables

The theory predicts big donors will alter members' preferences for using direct and indirect policy tools in the bills they introduce. Whether and how much members of Congress respond to big donors when they consider what policy tools to use in pursuit of their social objectives should depend on the **importance of big donors to members' reelection goal**. Members' reliance on these donors is measured using the same fundraising variable created in Chapter 2, which measures the

percentage of members' overall campaign funds in the previous election cycle that came from individual donors contributing \$750 or more at one time. It is the total dollar amount each member received in individual contributions of at least \$750 as a percentage of the total amount of campaign contributions the member received from any source, including party committees, PACs, and individuals donating smaller amounts.⁵ The information on campaign donations is from the Federal Election Commission's candidate summary files for the 2004 and 2006 election cycles.

Both models also account for additional factors previous research identifies as important predictors of bill sponsorship and policy tool preferences. Ideology influences the resources members devote to bill sponsorship in general, and should also impact the content of their bills. Liberals are likely to introduce more bills than conservatives because most bills expand the role of government (Schiller 1995). More liberal members of Congress should also be more inclined to propose direct government spending as a policy solution, while more conservative members should prefer indirect, market-based approaches (Howard 1997, 2007; Hacker 2002; Faricy 2011). **Ideology** is measured using Poole and Rosenthal's (1997) DW-NOMINATE scores. This measure is an estimate of members' position on the liberal-conservative continuum based on their roll call voting patterns. DW-NOMINATE scores range from -1 to 1, with higher values indicating greater ideological conservatism.

The content of the bills members choose to sponsor should also depend on the characteristics of their district (Highton and Rocca 2005; Hayes, Hibbing, and Sulkin 2010). Four variables are included to account for district characteristics: **the district**

⁵In Chapter 2, members' reliance on individual big donors was also measured using the percentage of funds raised from individuals that came from big donors. For the sake of brevity, this chapter only presents analyses using the variable that represents the importance of individual high dollar donors relative to all other sources of campaign funds, however, the models using the alternative measure of members' reliance on big donors yield similar substantive results. These results are reported in Appendix B.

poverty rate, the percentage of children and elderly in the district, and the Democratic presidential candidate's vote share in the previous election.

With the exception of the Democratic presidential vote share in the district, the district characteristics are from the Census Bureau's American Community Survey. The presidential vote share in the last election was collected from the *Almanac of American Politics*.

In addition, bill sponsorship is affected by the institutional constraints and opportunities members of Congress face. Members have discretion over the bills they introduce and often choose to be active on issues outside their committees' jurisdictions, however, committee membership is still an important determinant of bill sponsorship (Schiller 1995, 2000; Woon 2009). A number of committees have jurisdiction over different aspects of social welfare policy, including the House Appropriations, Budget, Education and Workforce, Energy and Commerce, Financial Services, Veterans Affairs, and Ways and Means committees. **Committee membership** is measured using a dummy variable that is coded one if members serve on any one of these committees and zero otherwise. A separate dummy variable indicating House Ways and Means committee membership is included in the model of indirect policy bills. The House Committee on Ways and Means has jurisdiction over all federal revenue bills. Thus, all tax expenditure bills, which make up the vast majority of indirect policy bills included in this data set, are under their jurisdiction and membership on this committee should be a particularly important predictor of indirect policy bill sponsorship.

Other institutional constraints are also known to impact bill sponsorship behavior. In particular, a member's institutional resources, such as party and committee leadership, majority party status, and seniority, shape the number and types of bills members of Congress sponsor (see, e.g., Schiller 1995; Woon 2009). Being a mem-

Table 3.1: Descriptive Statistics

Variable	Mean	Std. Dev.	Mode	Minimum	Maximum
Direct Bills Introduced	1.95	2.64	–	0	26
Indirect Bills Introduced	0.63	1.24	–	0	15
Social Policy Bills Introduced	3.86	4.51	–	0	58
Percent in Poverty	0.13	0.06	–	0.04	0.4
Percent under Age 18	0.25	0.03	–	0.14	0.34
Percent Elderly	0.13	0.03	–	0.14	0.33
Democratic Presidential Vote	0.51	0.15	–	0.21	0.95
Ideology	0.10	0.50	–	-0.76	1.24
High Dollar Donations	0.29	0.13	–	0	0.75
Leadership	–	–	0	0	1
Majority Party Member	–	–	1	0	1
Committee Member	–	–	1	0	1
Ways and Means Member	–	–	0	0	1
Seniority	7.50	4.10	–	1	27

ber of the majority or in a leadership position provides members with additional institutional resources that give them more power to influence the legislative agenda and should influence their sponsorship activity. Committee and party leadership positions are indicated with separate dummy variables, as is majority party status. Seniority is measured as the number of terms members have served in the U.S. House. The descriptive statistics for all variables used in the analyses are presented in Table 3.1.

The influence of high dollar donors on the types of bills members introduce, particularly their preference for policy proposals with direct and indirect policy designs, is modeled using negative binomial regression. Both dependent variables used in the analyses—the number of direct and indirect bills members sponsor during each Congress—are nonnegative count variables, which suggests a Poisson distribution is appropriate. Like other bill sponsorship studies, however, the sponsorship data used in this study show evidence of overdispersion, likely reflecting the large number of representatives who did not sponsor any social policy bills, direct or indirect. The observed variance in the bill count variables is about 3.5 and 3 times larger than the mean for direct and indirect bills, respectively. The overdispersion present in the data implies a negative binomial model is a better fit than a Poisson count model. Separate models were estimated for the number of direct and indirect social policy bills each member sponsored each Congress.

3.5 Results

The full results from the analyses of the number of direct and indirect bills members in the U.S. House introduced are presented in Table 3.2. As anticipated, ties with big donors impact members' preferences for whether social benefits should be delivered through direct or indirect policy mechanisms; however, the exact nature of

donors' influence is more nuanced. In particular, members of the U.S. House who raise more money from big donors introduce fewer bills altering direct federal spending than similar members for whom big donors represent a less important source of campaign funds, as evidenced by their campaign sources in the previous election cycle. Importantly, having an established relationship with high dollar donors influences members' likelihood of introducing direct spending bills even after controlling for their overall activity on social policy issues, ideology, and district characteristics like Democratic presidential vote share known to impact direct spending preferences.

The predicted change in the number of bills members introduce represents the change in the dependent variable as each significant independent variable varies from the observed minimum to the observed maximum, holding all other variables constant at a specified value. For the model of proposed direct spending bills, the discrete changes are calculated for the median member of Congress who receives the average amount of campaign contributions from high dollar donors, is a member of the majority party, sits on a committee with jurisdiction over social policy issues, does not hold a leadership position, and is from a typical district in terms of demographics and partisanship. The predicted changes are presented in Table 3.3. A typical member of Congress sponsors about two social policy bills per Congress that use direct policy mechanisms to achieve their desired policy outcome. For the median member of Congress, an increase from the observed minimum to the maximum in the percentage of overall campaign funds from big donors reduces the expected number of direct policy bills the member sponsors by one bill. Although the impact of high dollar donors on members preference for direct policy tools appears small, this change is substantially meaningful and implies members will introduce half the number of direct social policy bills they otherwise would.⁶

⁶The magnitude of this effect is also consistent with the results of other bill sponsorship studies,

Table 3.2: The Effect of High Dollar Donors on the Policy Tools Members Choose

Variable	Direct Tools	Indirect Tools
Social Policy Bills Introduced	0.15* (0.02)	0.15* (0.02)
Percent in Poverty	-0.15 (0.63)	-1.86 (1.20)
Percent Under Age 18	1.92 (1.45)	-2.93 (2.67)
Percent Elderly	0.65 (1.39)	-1.84 (3.02)
Democratic Presidential Vote	0.45 (0.32)	1.07 (0.58)
Ideology	-0.48* (0.12)	0.66* (0.17)
High Dollar Donations	-0.90* (0.27)	-0.44 (0.51)
Majority Party Member	0.17* (0.05)	-0.02 (0.09)
Leadership	0.01 (0.10)	0.23 (0.18)
Committee Member	0.20* (0.08)	-0.05 (0.14)
Ways & Means Member		0.35* (0.16)
Seniority	-0.01 (0.01)	-0.05* (0.01)
Constant	-0.83 (0.53)	-0.34 (1.03)
N	851	851
Log Likelihood	-1282.13	-772.34
Wald χ^2	520.3*	136.7*

Note: Coefficients are negative binomial regression estimates.

Standard errors are in parentheses.

* indicates $p \leq .05$, two-tailed tests.

Table 3.3: Predicted Change in Bills Introduced for the Median Representative

Variable	Direct Tools	Indirect Tools
Ideology	-1.5	0.7
High Dollar Donations	-1.1	–
Majority Party Member	0.3	–
Committee Member	0.3	–
Ways & Means Member	–	0.2
Seniority	–	-0.4

The results from Model 1 (the direct policy tools model) suggest members who rely more heavily on big donors to fund their reelection campaigns sponsor fewer direct policy bills, indicating that these members and likely the donors who fund their campaigns have a less favorable view of using direct spending to achieve their policy objectives. In contrast, contributions from high dollar donors do not impact the extent to which members use indirect policy tools like tax and loan subsidies in their bills.⁷ The number of indirect social policy bills members propose does not depend on their relationship to high dollar donors. Several factors could be responsible for the lack of support for the second hypothesis, which stated that a greater reliance on big donors should increase members' propensity to introduce bills relying on market-

even studies whose sample includes the complete universe of bills sponsored in a single Congress. For instance, Woon (2009) finds that committee membership, which numerous studies have identified as an important predictor of the number of bills sponsored on policies under that committee's jurisdiction, is related to an increase of between approximately one to five bills depending on the committee and issue area. The literature connecting race and ethnicity of members to bill sponsorship also finds similarly sized effects.

⁷The relative time members of Congress spend on direct versus indirect policy bills can also be modeled as the percentage of social policy bills they introduce that are direct and indirect, respectively. I estimated two ordinary least squares models that take this approach. The results from the models are reported in Appendix B.

based mechanisms to solve policy problems. One possibility for the null result is the increasingly common view among members that indirect policies are a more feasible way to achieve their policy objectives, given political gridlock and the difficulty of advancing legislation that impacts direct government spending. The recent growth in indirect policies, particularly tax expenditures, suggests this may be occurring. An alternative explanation is that big donors have fairly strong preferences against direct social policies, which typically represent a substantial expansion of government and are progressive, but do not share uniform preferences about the social policies government should be pursuing instead and the appropriate policy mechanisms for doing so. Taken together, the results from the direct and indirect policy models imply donors influence bill sponsorship, and may ultimately impact the legislative agenda and policy output, by keeping certain types of policies off the legislative agenda that may have otherwise been proposed (Bachrach and Baratz 1962). Donors affect the range of issues that are considered, and in particular, they make it less likely that direct spending proposals make it on the agenda.

As expected, ideology also has a significant impact on the policy tools members choose. Liberal representatives propose more direct social policies and fewer indirect policies. In contrast, conservative members of Congress sponsor a greater number of indirect policies and fewer direct policies than liberals. These results provide micro-level evidence for the connection between party control and changes in direct and indirect spending (Faricy 2011). Ideology also has a large substantive impact on the number of bills members introduce. The most conservative member of the US House is predicted to sponsor 1.5 fewer bills altering direct spending than the most liberal member, which is a substantial decline given that the typical member sponsors two direct policy bills each Congress (see Table 3.3). The effect size of ideology on members' preference for using indirect policy tools is smaller—the most

conservative member sponsors 0.7 more indirect policy bills than the most liberal member. While the impact of ideology on members' decision to use indirect policy mechanisms is smaller in absolute terms, the increase in the number of indirect bills is substantively meaningful. On average, a member of Congress sponsors less than one social policy bill that proposes using tax expenditures or loan subsidies in a typical Congress. The most conservative member of the House sponsors almost double that number of indirect bills.

Given the similarities between policy tools and ideology and the demonstrated statistical relationship between these two concepts, do the results from the direct policy tools model presented in Table 3.2 simply suggest that closer ties with big donors make members more conservative? In other words, does the effect of donors on members' preferred policy approaches just show that donor ties pull members to the right and make them less supportive of direct government intervention, or does examining their impact on proposed policy tools provide information about an additional aspect of members' behavior? One way to address this question is to consider whether ideology and donor ties have different impacts on policy tool preferences for Democratic and Republican members. If greater ideological conservatism uniformly decreases the likelihood members of both parties sponsor direct spending bills, this result may indicate the policy tools measure is just picking up on members' ideological movement in response to donors.

The results in Table 3.4 suggest preferences for direct policy tools are a separate dimension of members' legislative behavior that high dollar donors affect. As seen in the direct policy tool model that combines Democrats and Republicans (Table 3.2), members from both parties who have close electoral ties to high dollar donors are significantly less likely to introduce policy proposals that suggest delivering social and economic benefits through direct spending. The impact (or nonimpact) of donors

on members' preferences for indirect tools is also the same as in the earlier combined model. Unlike the combined model, however, the effect of ideology on preferences for policy tools differs across the parties—ideology only affects the preferred policy instruments of Democratic House members. More conservative Democratic members are less likely to sponsor direct spending bills and more likely to sponsor indirect policy bills than liberal Democrats. Ideology has no impact on Republican members' preferred policy approach. Donor ties predict Republican members' activity on direct policy bills even though ideology does not.

One potential explanation for this result might be the Democratic and Republican party platforms. The Republican party platform is explicit about the party's stance on the size of government and lowering, or at the very least not raising, taxes. The efforts of Republican party activists, such as Grover Norquist, reinforce the party's position on these issues. These positions have direct implications for whether Republicans will propose direct or indirect policies, regardless of their relative ideological conservatism. In contrast, the Democratic party has a clear set of ideological goals, but the party platform does not clearly specify *how* their goals should be accomplished. Taken together, these findings lend additional support to the notion that preferences for policy tools are a distinct aspect of member behavior and provide different information than ideology. They also reaffirm the conclusion that close ties to big donors decrease members' support for direct policy mechanisms.

Returning to the main model results presented in Table 3.2, committee membership and other institutional factors are also associated with bill sponsorship as expected. Members of Congress frequently sponsor bills that correspond with their committee's jurisdiction. Membership on one of the committees that handles social policy increases the number of direct policy bills by 0.3 bills. This effect may be smaller than members' relationship with big individual donors and ideology because, unlike

Table 3.4: The Relationship between High Dollar Donors, Policy Tools, and Ideology

Variable	Direct Tools		Indirect Tools	
	Democrats	Republicans	Democrats	Republicans
Social Policy Bills Introduced	0.14*	0.15*	0.14*	0.20*
	(0.02)	(0.06)	(0.03)	(0.05)
Poverty	0.57	-0.15	-1.83	-4.48*
	(0.69)	(1.57)	(1.43)	(2.07)
Under 18	2.35*	-0.83	-1.30	-15.72*
	(1.43)	(4.43)	(2.72)	(5.76)
Elderly	2.00	-3.99	-4.42	-6.96
	(1.59)	(3.16)	(3.71)	(4.77)
Leadership	0.12	-0.14	0.14	0.46*
	(0.12)	(0.19)	(0.26)	(0.20)
Majority	0.16*	0.21*	-0.10	-0.03
	(0.07)	(0.10)	(0.17)	(0.13)
Committee Member	0.18*	0.24	-0.03	0.02
	(0.09)	(0.15)	(0.20)	(0.18)
Ways & Means Member			0.36*	0.27
			(0.21)	(0.26)
Seniority	-0.022*	-0.010	-0.03	-0.05*
	(0.01)	(0.02)	(0.02)	(0.02)
Democratic Presidential Vote	-0.13	1.15	1.80*	0.85
	(0.38)	(0.85)	(0.93)	(1.09)
Ideology	-1.22*	-1.26	2.61*	0.01
	(0.34)	(0.81)	(0.82)	(0.62)
High Dollar Donations	-0.57*	-1.34*	-0.77	-0.08
	(0.31)	(0.46)	(0.66)	(0.66)
Constant	-1.17*	0.63	-0.02	3.82
	(0.55)	(1.76)	(1.12)	(2.14)
N	425	425	425	425
Log Likelihood	-729.35	-541.15	-369.70	-3387.41
Wald χ^2	321.6*	85.9*	84.8*	63.0*

Note: Coefficients are negative binomial regression estimates.

Standard errors are in parentheses.

* indicates $p \leq .05$, two-tailed tests.

many other bill sponsorship studies, this study aggregates bills across multiple policy issues. Committee membership is likely to be a more important predictor of bill sponsorship when the policy topic is narrower (for example, agriculture policy rather than social policy) and the number of committees with jurisdiction over the issue is small. The relative importance of committee membership for whether members introduce bills on more specific policy topics is apparent in the indirect policy tools model. The significant impact membership on the Ways and Means committee has on members' likelihood of sponsoring indirect policy bills is indicative of the fact that all tax expenditure bills, which make up the vast majority of indirect bills included in the data set, must go through the Ways and Means committee.

Majority party status and seniority also affect the number of direct and indirect bills members introduce, respectively. Being a member of the majority party increases the number of direct bills sponsored by 0.3 bills. This result is consistent with the literature demonstrating the relative difficulty of advancing social policy bills that change direct spending (Howard 2007). With limited resources, members strategically choose how to allocate their time and are more likely to sponsor direct spending bills when they are a member of the majority and the bill has a higher chance of success. Similarly, more junior members of the US House may find it easier to advance indirect policy bills because tax and loan subsidies are more likely to have bipartisan support (Howard 1997, 2007; Hacker 2002). A freshman member of Congress is predicted to introduce 0.4 additional indirect policy bills relative to the most senior member. Taken together, these results provide additional support for the theory that members weigh the potential costs and benefits of sponsorship. Bills with a greater chance of passage have a higher potential payoff for members and increase the likelihood members introduce the bills.

District characteristics reflecting the electoral considerations members take into

account do not affect their preference for direct or indirect policy tools, at least in the models that combine all U.S. House members. Several studies demonstrate that district characteristics influence bill sponsorship activity (see, e.g., Highton and Rocca 2005), so it is somewhat surprising that constituency factors do not directly factor into members' sponsorship activity on different types of policy solutions. One possibility is that the relationship between district characteristics and members' preferences for policy tools depends on members' party affiliation. District characteristics, in particular the percentage of the district in poverty and the percentage of children, do influence policy tool preferences in sensible ways in the separate models for Democratic and Republican members. The impact of constituency preferences on the policy tools members of Congress use may also be partially picked up by the inclusion of ideology in the model, since constituency preferences are an important determinant of members' ideological position.

3.6 Conclusion

These analyses suggest that members' campaign fundraising, in particular the sources they raise campaign resources from, influences their legislative behavior in the U.S. House. The way members of Congress approach solving public policy problems, such as income security, unemployment, and affordable housing, is related to their financial ties with big-donor individuals. Members who rely on these donors as an important source of campaign funding are significantly less likely to propose direct government spending as a policy solution, even after accounting for their ideological leanings. This result indicates big donors influence members' perspective on the proper role of government in achieving social policy goals. Should social and economic benefits be provided directly by the government or should the government structure incentives to encourage provision and let the private sector figure out the

details? A stronger connection with big donors does not impact members' likelihood of using market-based incentives, perhaps because of the increased use of indirect policy instruments as a means to attract bipartisan support and overcome political gridlock. But it does decrease the time and resources members of both parties spend on bills that propose direct government action as the solution.

This finding contributes to our broader understanding of policy tools. Though the variety of policy instruments policymakers use has increased over the past few decades, our knowledge of how policymakers choose among the alternative policy mechanisms available and the impacts of this choice on policy outcomes is still limited. The study lends additional support to the relationship between ideology and tool choice put forth by prior work, and demonstrates that the importance of big donors to members' campaign fundraising strategy also affects the policy approach members of Congress take. The pathway through which donors influence the perspective of members and the amount of time they spend advocating for direct government action deserves further research. Given the time members of Congress spend maintaining their relationships with donors and raising campaign funds, do the repeated interactions between members and donors bias members' perceptions of the electorate's preferences? Are members knowingly placing less priority on direct policy bills to appeal to potential donors and cater to the wishes of their existing donor base? Answering these questions will fill important gaps in our knowledge of how members' constant chase for money and the types of donors they rely on affect their legislative behavior in Congress, perhaps at the expense of adequately representing their district constituents.

The impact of big-donor individuals on policy outcomes ultimately depends on what happens next in the legislative process. Bill sponsorship is only the first of many steps members must take to turn their policy ideas into legislation. The number

of bills signed into law is exceedingly small relative to the number introduced in any given Congress (Krutz 2005). Whether policy proposals are an important item on the legislative agenda is often determined by members of Congress other than the sponsoring member, such as the party leadership (Cox and McCubbins 1993, 2005) and other pivotal members (Krehbiel 1998), who exert greater control over the legislative agenda at later stages. This study indicates campaign donors bias the types of policies proposed for congressional consideration by keeping direct policies off the agenda. The extent to which these members, especially party leaders, reinforce the connection between fundraising motives and policy-making and the partisan differences found here will affect the overall impact of donors on policy outcomes.

4. THE IMPLICATIONS OF BIG DONORS FOR INCUMBENTS' PRIMARY PROSPECTS

4.1 Introduction

The cost of congressional elections has steadily increased over the last few decades. Successful congressional candidates for the U.S. House spent an average of \$706,129 in 1990; by the 2010 election, that number had more than doubled and increased to over \$1.4 million¹. The increasing cost of running for reelection has led to concern over the role of money in politics and the impact it has on members' behavior in office. The electoral connection encourages members of Congress to represent their district constituents or risk being voted out of office at the next election. Earning the support of voters in the district is only one part of the equation for electoral success, however. Members of Congress must also raise ever larger sums of money to compete. Building a large war chest serves several purposes for members of Congress. It can help ward off potential challengers² and gives members the resources to run a successful campaign against any challengers who do emerge. Fundraising ability is typically seen as a campaign advantage for House members, but prior work focuses on the amount of campaign resources members have and overlooks the implications of where members of Congress receive their money from.

Members of Congress look to a variety of sources, including political action committees, corporations, their party organization, and individuals when they raise re-

¹Costs are in 2010 dollars and based on the Campaign Finance Institute's analysis of Federal Election Commission data (<http://www.cfinst.org/data/VitalStats.aspx>).

²The literature on war chests and challenger entry focuses largely on U.S. House general elections and yields mixed evidence that large war chests deter challengers. For evidence in support of a relationship between war chests and challenger entry see Hersch and McDougall (1994), Box-Steffensmeier (1996), and Carson (2005). For evidence against a deterrence effect, see Goodliffe (2001) and Krasno and Green (1988).

sources for their reelection campaign. A greater ability to raise money from any of these sources should help, not hurt, a member's electoral prospects, but this argument assumes campaign donations do not alter members' behavior in other ways that increase their electoral vulnerability. This study advances our understanding of the relationship between campaign resources and members' reelection chances by examining the potential for fundraising incentives to affect members' representation of their district, and as a result, their electoral vulnerability. The extent to which members of Congress rely on contributions from individual big donors varies, but individual contributions are the largest source of campaign funds for the typical member despite the literature's focus on political action committees (Ansolabehere, de Figueiredo, and Snyder 2003). The constant pressure to chase money and adequately fund their reelection campaigns may create incentives for members of Congress to cater to big-donor individuals, the majority of whom reside outside their district.

To the extent that the interests and preferences of campaign donors and district constituents overlap, members of Congress will not necessarily face a tension between attracting the financial support of donors and the electoral support of their district. But to the extent their preferences differ, and research suggests they do (see, e.g., Francia et al. 2003), the financial payoff from catering to the wishes of campaign donors may cause members to stray from representing their district. The link between members and their district constituents may weaken in subtle ways. For instance, members of Congress may spend a substantial portion of their time that would normally be spent at home in their district fundraising and maintaining relationships with large campaign contributors instead. Strong financial ties to individual big donors may also influence members' actions in Congress, for example by affecting their roll call voting behavior.³ If big donors create a disconnect between members

³The results in Chapter 2 suggest donors do influence roll call voting among U.S. House members.

and their geographic constituency, their electoral prospects may be affected.

This study assesses the relationship between close ties with donors and members' electoral prospects by examining the emergence of well-qualified challengers in the primary election. An incumbent's high probability of winning most congressional races discourages quality challengers, who know they are likely to lose, from running against them (Cox and Katz 1996). Potential candidates who sense a disconnect between members and their district constituents, however, may see it as opportunity to successfully challenge the incumbent. Building on the strategic candidate emergence literature, this study examines whether the sources of members' campaign resources affect the likelihood a quality candidate challenges an incumbent from within their own party, and looks at incumbents' electoral success when they challenged. The results suggest money is not always an advantage in elections. Raising a substantial share of their campaign funds from big-donor individuals increases the chances some incumbents face a quality primary challenger and lowers their primary vote share when a challenger does emerge. However, for other incumbents, campaign fundraising from donors does not seem to impact their electoral success and may even help them. The results indicate incumbent candidates' party affects the relationship between campaign donations and the likelihood they face tough primary election competition.

4.2 Literature Review

Electoral competition for U.S. House seats greatly depends on whether the incumbent officeholder is running for reelection. Incumbent candidates have an electoral advantage. Their reelection rate is high (90 percent in the 2012 general election) in

In particular, members who receive a greater share of their campaign contributions from individual high dollar donors move to the right ideologically. The connection between donors and members leads to more moderate voting records among Democratic members and more extreme voting records among Republicans.

part because they have the political and financial resources necessary to run a successful campaign. The success of incumbents is also linked, however, to how much their electoral advantages deter potential competition during the primary and general elections (Cox and Katz 1996; Ansolabehere, Snyder, and Stewart 2000; Stone, Maisel, and Maestas 2004). Races with an incumbent are generally less competitive than open seat races and the challengers they do face are typically less qualified.

Whether incumbents face a quality challenger depends on the strategic choices potential challengers make. Prior work on candidate emergence demonstrates that potential candidates are rational actors. Potential challengers, especially those with more qualifications, respond to variation in the incumbent's resources and qualifications, and changes in the district and overall political environments that affect their chance of winning (Jacobson and Kernell 1983; Bianco 1984; Bond, Covington, and Fleisher 1985; Jacobson 1989; Maisel and Stone 1997; Stone and Maisel 2003; Stone, Maisel, and Maestas 2004; Carson 2005). This extensive literature provides strong support for the strategic candidates theory first advanced by Black (1972) and Jacobson and Kernell (1983). While the evidence for rational behavior on the part of potential challengers comes primarily from studies of general elections for U.S. House seats, these studies offer a foundation for understanding challenger emergence in congressional primaries as well. Potential challengers considering a bid for a congressional seat must win two election contests: their party's nomination in the primary and a majority of the vote in the general election. Because the probability of winning the general election is affected by their likelihood of winning in the primary, challengers likely rely on similar strategic calculations to assess their chances at both electoral stages (Maisel and Stone 2001).

One of the main findings from the strategic candidate emergence literature is that candidates challenge incumbents when they perceive the incumbent is vulnerable.

Signals that the incumbent candidate is electorally vulnerable can come in several forms. From year to year and across districts within any given election year, potential candidates respond to changes in district partisanship and national partisan tides and legislators' electoral performance in the previous election (Jacobson and Kernell 1983; Jacobson 1989). Incumbents with a strong electoral performance in the last election and who represent districts with a favorable partisan composition are less likely to face a challenger. While rare, involvement in a scandal also matters. Incumbents involved in a scandal often strategically retire rather than risk losing reelection, but scandals do send a strong signal about incumbent's electoral prospects among those incumbents who decide to run again (Peters and Welch 1980; Welch and Hibbing 1997).

In addition to these indications of an incumbent's vulnerability, potential challengers also consider the incumbent's fundraising ability. A large war chest deters potential challengers because it increases the cost of beating the incumbent in the election and is an indication of support for the incumbent (Hersch and McDougall 1994; Box-Steffensmeier 1996; Carson 2005). Challengers for U.S. House seats have a difficult time raising enough money to wage a successful campaign against well-funded incumbents, particularly in primary elections where challengers have difficulty raising money from political action committees (Goodliffe and Magleby 2001). While some studies (most notably Krasno and Green (1998) and Goodliffe (2001)) find that war chests do not affect candidate entry, to my knowledge no study argues that building a substantial war chest puts incumbents at a disadvantage. This study offers a new take on the relationship between war chests and incumbent's electoral prospects by considering the sources of incumbents' campaign funds and the implications the sources have for challenger entry and incumbent electoral success.

4.3 Theory

The types of contributions a member of Congress receives, particularly the share of their funding that comes from high dollar individual donors, may affect how well they represent the interests of voters in their district and consequently their electoral vulnerability. As running a successful congressional campaign becomes increasingly expensive, members of Congress must solicit donations from a larger group of donors. Members may seek additional campaign funds from multiple sources, including political action committees or corporations, however, some members raise money by establishing and maintaining strong ties with wealthy individual donors who make large contributions.

Strong financial ties to big donors have the potential to adversely affect how well members of Congress represent their district. A majority of individual donations to members of Congress come from donors who reside outside the district. High dollar donors are concentrated in a small number of neighborhoods across the country, described as “donor districts” by Gimpel and colleagues (Gimpel, Lee, and Pearson-Merkowitz 2008). Donors in this relatively small group of zipcodes account for the majority of individual campaign donations for members of Congress across the country. The extent to which members rely on the individual donations that flow from these districts to congressional candidates in other locales varies⁴, but more than two-thirds of all campaign funds raised from individual donors come from outside the district in a typical race (Gimpel, Lee, and Pearson-Merkowitz 2008). When the preferences of high dollar donors differ from the typical voter in the district, members who are attuned to the preferences of high dollar donors are likely to face a tension between representing the individuals who fund their campaign and representing the

⁴See Chapter 2 for descriptive statistics on congressional campaign funding sources across members and parties.

individuals who can vote for them.

Members of Congress are more likely to respond to the financial incentives to represent big donors, even when it pulls them away from representing their district constituency, when they have an existing relationship with these donors that they wish to maintain. The analyses in Chapter 2 and Chapter 3 suggest big donor ties do affect congressional behavior. Donor relationships influence members' roll call voting patterns and bill sponsorship behavior. In particular, stronger financial ties to high dollar donors are associated with more ideologically moderate roll call voting among Democrats and more extreme roll call voting among Republicans than one would expect given the composition of members' districts⁵. Donor ties also affect the types of policies members prioritize at earlier stages of the legislative process. Even after controlling for district characteristics and ideology, members of both parties are less likely to propose direct government spending policies when a greater share of their campaign funding comes from high dollar donors⁶. Taken together, these results indicate high dollar donors influence members' behavior, often at the expense of their alignment with district preferences.

It is also probable that donors influence members' electoral prospects by altering the district electorate's perception of how well their member represents their interests and their personal vote. Attracting and maintaining the support of big donors is a significant time investment. Studies of individuals who contribute to presidential campaigns suggest big donors expect candidates to make a personal, often in-person, appeal for their support (Brown, Powell, and Wilcox 1995). Contacting wealthy potential donors takes up a large amount of time for most members. Newly elected House Democrats in the 113th Congress were informed about exactly how much

⁵A more complete explanation of these results is included in Chapter 2.

⁶A more complete explanation of these results is included in Chapter 3.

time they would be spending raising money for the next election cycle shortly after the new session started. In their meeting with Democratic freshman, the Democratic Congressional Campaign Committee shared the ideal schedule members should keep, which includes four hours of fundraising calls in a single eight hour workday (Klein 2013). The time members of Congress spend cultivating their relationship with high dollar donors takes away from the time they have available to spend connecting with voters in their district and conducting constituency service. Yet these constituency activities help members of Congress increase their visibility and improve their reputation among the district electorate, bolstering their electoral prospects (Mayhew 1974; Fenno 1978; Cain, Ferejohn, and Fiorina 1987).

Failing to spend enough time engaging with the district electorate and representing donor preferences in Congress may have implications for the electoral security of these incumbents. While donor ties could possibly affect the electoral success of incumbents in both the general and primary congressional elections, this study focuses on the implications for members' primary prospects. Many congressional seats are relatively safe for incumbents and incumbents in the typical district are unlikely to face stiff competition in the general election. Congressional primaries are also fairly uncompetitive, on average (Maisel and Stone 2001), however, the engaged partisans who participate in primary elections are the most likely to be dissatisfied with the lower quality (or perceived lower quality) of representation.

Incumbents have an electoral advantage and being defeated in a congressional primary election is unusual. The few primary losses that do occur, however, generally happen to ideological moderates who are less extreme than the primary voters in their district (Brady, Han, and Pope 2007). Relative to the general electorate, primary voters are more ideologically homogenous and favor ideologically extreme candidates, especially in today's polarized political environment (Levendusky 2009).

In other words, Democrats are more likely to face successful primary challenges from more liberal candidates and Republicans are more likely to face successful primary challenges from more conservative candidates. The findings in Chapters 2 and 3 suggest high dollar donations pull members of both parties in the same direction—to the right. This effect implies Democrats with closer connections to big donors may be more susceptible to a strong primary challenge than Republicans who rely on similar campaign funding sources.

Strong primary challenges as a result of incumbents being out of step with their primary constituency do not necessarily depend on primary voters' direct response to the ideological disconnect between members and their district. The candidate primary voters elect ultimately depends on whether the incumbent is challenged at all and if so, the quality of the candidates in the race. Quality challengers typically have greater fundraising ability and qualifications like previous experience as an elected official. Primary voters must first have more than one candidate to choose from and must have at least one option that seems better than the incumbent. While recruiting quality challengers to run against an incumbent is difficult, quality primary challengers are more likely to emerge when the incumbent is relatively vulnerable and their probability of winning the primary election is higher. The evidence on challenger emergence in general congressional elections suggests quality primary challengers are especially likely to respond to changes in the costs and benefits of running and the probability of winning (Jacobson and Kernell 1983). When primary voters are dissatisfied with their current representative, strong primary challengers are more likely react to the incumbent's decreased popularity among their fellow partisans by entering the primary race.

How voters respond to a primary race with a contested incumbent should depend on whether a quality primary challenger emerges and the resources incumbents can

use to defend their congressional seat. A quality primary challenger gives primary voters a reasonable alternative to the incumbent and should decrease the incumbent's primary vote share. It is rare for incumbents to lose congressional elections, however, even when they do face a strong primary challenge. Even vulnerable incumbents have a number of resources they can harness to increase their electoral support, particularly their ability to raise more money. This theoretical framework implies two testable hypotheses: 1) Incumbents, particularly Democratic incumbents, who receive a significant share of their campaign funding from big donors should more likely to face a quality primary challenger, and 2) The ability to access these types of donations should help incumbents efficiently raise money to win a substantial share of the primary vote even when facing a quality primary challenger. However, because these donor ties pull Democratic incumbents further from their primary base, raising additional money from these sources may not help them overcome their electoral disadvantage in the primaries.

4.4 Data and Methods

This analysis tests the implications of high dollar donor ties for members' primary election prospects using data on the 2006 and 2008 congressional elections. The models address two questions: do relationships with big donors increase the chance members are challenged in the following primary election and if they are challenged, how successful are their primary challengers? Since the theory focuses exclusively on how incumbents fare in their primary reelection bids, the analysis only includes primary races with an incumbent; open seat races are excluded from the analysis. The set of congressional primary races in 2006 and 2008 with an incumbent running for reelection was compiled using *The Almanac of American Politics*.

Next, data on the primary challenges these incumbents faced was collected from

both *The Almanac of American Politics* and the Federal Election Commission (FEC) Candidate Financial Summary Files. The FEC files offer a more complete picture of how many challengers entered the primary race, because any individual who wants to run for Congress and raises or spends more than \$5,000 on campaign activities must file with the FEC. While the FEC data on primary challengers is in some respects more complete, not all of these individuals actually appear on the primary election ballot. The list of House primary races with any primary challenger was narrowed down to races where the incumbent faced a challenger on primary election day using the *Almanac*.⁷

The majority of incumbents run uncontested in primary elections for U.S. House seats. Of the incumbents running for reelection, slightly more than one in every five have their seats contested by a challenger in the primary election. The share of incumbents who face a quality challenger during the primaries is smaller still, but whether incumbents face a quality primary challenger is a stronger test of the theory. Quality primary challengers are the most likely to strategically emerge in response to factors in the political environment that affect their chances of beating the incumbent. Incumbent vulnerability due to inadequate representation of their district constituents is one such factor that may affect their entry into the race. In contrast, other primary challengers may decide to enter the race for a variety of reasons unrelated to the vulnerability of the incumbent candidate.

Quality primary challengers can be defined in several ways. This analysis uses fundraising success as a proxy measure for quality primary challengers (Bond, Covington, and Fleisher 1985). Fundraising ability addresses two related aspects of

⁷Members of Congress were only coded as receiving a primary challenge if they had to compete against a candidate from the same party during the primary election. Some states like Washington and California have blanket primary systems where all primary candidates directly compete against one another regardless of party.

being a quality challenger. Campaign donations are more likely to flow to viable primary challengers and greater campaign resources are necessary to wage a competitive primary campaign against an incumbent. Candidates who raise more than \$50,000, as reported to the FEC and included in the Candidate Financial Summary Files, are considered quality primary challengers.⁸ In the typical 2006 and 2008 congressional race with a challenger, the challenger who was most successful at fundraising raised approximately \$160,000. Using this definition of a quality primary challenger, about two-fifths of all incumbents who had to run against a challenger in the primaries faced a quality primary challenger.

The first model (Model 1) tests for the probability a quality primary challenger enters the congressional primaries for U.S. House seats. The dependent variable in Model 1 is coded one if the House incumbent faces a quality primary challenger as defined above and zero otherwise. Because the emergence of a quality primary challenger is a binary outcome, Model 1 is estimated as a logistic regression. Model 2 examines the electoral performance of incumbents when a primary challenger does emerge. When House incumbents receive a primary challenge (from any challenger, not just a quality primary challenger), how successfully do they defend themselves against the primary challenger? Model 2 includes all U.S. House races where an incumbent was challenged during the congressional primaries and estimates the incumbent's success during the primary election as measured by their primary vote share. How successful incumbents are when they receive a primary challenge is measured using the percentage of the primary vote they receive rather than whether they win or lose in the primary because defeating an incumbent is unlikely even when they are vulnerable. The incumbent's primary vote share captures the extent to which

⁸The model results are not sensitive to the specific fundraising threshold chosen. Remarkably similar results are obtained when the fundraising threshold for a quality primary challenger is increased to \$75,000 or \$100,000.

the primary challenger is able to mount a serious challenge to the incumbent. The impact of these factors on the incumbent's primary vote share is estimated using an ordinary least squares regression model.

4.4.1 Accounting for the Implications of Strong Big Donor Ties

Because this study focuses on whether big donor ties affect incumbents' electoral advantage, the main independent variable of interest is the incumbent's reliance on individual high dollar contributions during the last election cycle. This variable measures the extent to which members of Congress are motivated to represent the interests of big donors who may be a small subset of their district constituency, or in many cases, reside outside the district. Members of Congress who have not received strong support from high dollar donors in recent past elections are less likely to respond to the incentives to represent these donors' interests to retain their financial support in the future.

The strength of the relationship between incumbents and big donors is measured using the same high dollar donations variable that was used in the previous chapters.⁹ The variable represents the percentage of the incumbent's overall campaign funds that came from individuals contributing at least \$750 at one time during the previous election cycle. The numerator is the total dollar amount each incumbent received in individual donations of \$750 or more, and the denominator is the incumbent's total campaign contributions from any source, including party committees, political action committees, and individuals making smaller donations. This campaign finance information is also from the FEC's candidate summary files. Data on incumbents' fundraising during the 2004 election cycle is used to predict their primary challenges in the 2006 election and 2006 fundraising data is used to predict

⁹The data section in the first empirical chapter includes a detailed description of the high dollar donations variable.

their primary challenges in the 2008 election.

The theory implies Democrats who receive a larger share of their campaign funding from high dollar donors should be more likely to face a primary challenge from the left than Republicans with a similar reliance on high dollar donations are to face a challenge from the right. The different implications of big donors for the ideological positioning of Democrats and Republicans may also affect their performance in the primaries when they are challenged. An **interaction between the incumbent's party and their reliance on high dollar donors** during the previous election cycle is included in Models 1 and 2 to test whether big donors affect incumbent's primary election prospects differently depending on their party. The **incumbent's party** is also included in the model.

4.4.2 Additional Explanatory Variables

Both models also control for several other factors that affect an incumbent's vulnerability during the primary election. Incumbent's ideological positioning should affect their primary election prospects. Primary voters are more ideologically extreme than the average voter in the general election, hence moderate incumbents are more susceptible to successful primary challenges in congressional primaries (Brady, Han, and Pope 2007). In the analysis, incumbents' ideological extremity is measured using Poole and Rosenthal's (1997) DW-NOMINATE scores, which estimate the liberal-conservative ideological position of members of Congress on the basis of their roll call voting record. This measure of incumbent's liberalism and conservatism is converted into a measure of their ideological extremism by taking the absolute value of their ideological position. More extreme incumbents have higher values of the ideological extremity measure and more moderate incumbents have lower values.

Freshman House members are also especially likely to face a strong primary chal-

lenge. Their **freshman status** implies they have had less time to cultivate their personal vote (Cain, Ferejohn, and Fiorina 1987; Fenno 1978) and fewer opportunities to engage in the three activities—crediting-claiming, position-taking, and advertising—incumbents use to secure their reelection (Mayhew 1974). Freshman status is included in the model as a dummy variable and coded one if the incumbent is a freshman member and zero otherwise. Both models also control for whether the incumbent was recently involved in a **scandal**, which may also weaken their reelection bid. Whether the incumbent was embroiled in a political or personal scandal was coded using two sources: a list of investigations undertaken by the House Ethics committee during the most recent Congress and a list of members under investigation by various entities such as the FEC compiled by Citizens for Responsibility and Ethics in Washington.¹⁰ Involvement in a scandal was also included as a dummy variable, which was coded one in the event the incumbent had a recent scandal and zero otherwise.

The emergence of quality primary challengers and challengers' success when they do run against the incumbent should also depend on the incumbent's electoral success during the previous election cycle. Quality primary challengers should be more likely to run against an incumbent when the incumbent's last House race signaled either their inability to build a large war chest or that the incumbent's seat was relatively unsafe. The natural logarithm of the **incumbent's total money raised during the previous election**¹¹ and their **previous general election vote share** were included in both models. The **partisanship of the district** and how "safe" the incumbent's House seat is as a result may also impact the emergence of a quality primary challenger in another way. A heavily partisan and therefore relatively

¹⁰www.citizensforethics.org

¹¹The natural logarithm of campaign receipts accounts for the diminishing marginal returns of raising additional campaign funds (Jacobson 1980).

safe congressional district should affect the likelihood a quality primary challenger emerges, however, the direction of its impact is ambiguous. While the in-party's nomination will be more difficult to win in a more partisan district, the nomination has a greater potential benefit to the challenger if they do win because their chances of winning the general election are higher (Maisel and Stone 2001; Stone and Maisel 2003). This potential effect is controlled for by including the vote percentage the presidential candidate from the House incumbent's party received during the most recent presidential election.

Two additional variables that capture the district's political environment and the competitiveness of the congressional primary race are also included in both models. Redistricting can create opportunities for a strong primary challenger to emerge and win because redrawing the district lines can significantly alter the composition of the incumbent's district and make their reelection less certain (Cox and Katz 2002). Redistricting occurs after each decennial Census and should not affect the 2006 and 2008 congressional primary elections, however, Georgia conducted mid-decade redistricting in 2005. Because Georgia's mid-decade redistricting may affect strategic primary candidate emergence and the incumbent's primary vote, a dummy variable is included to account for the impact redistricting may have on the 2006 House primary races in Georgia. Several states also have different primary systems that affect the competitiveness of the primary election.¹² A dummy variable is included to account for this effect.

¹²Louisiana and Washington had nonpartisan blanket primary elections during the years included here. Louisiana and Washington had blanket primaries in 2006 and 2008, respectively. California's blanket primary system is frequently discussed, but was not used by the state in either the 2006 or 2008 primary elections.

Table 4.1: Descriptive Statistics (All Incumbent Races)

Variable	Mean	Std. Dev.	Mode	Minimum	Maximum
Quality Primary Challenge	–	–	0	0	1
Freshman	–	–	0	0	1
Scandal	–	–	0	0	1
General Election Vote	0.68	0.13	–	0.46	0.99
Total Receipts (ln)	13.9	0.57	–	11.3	15.9
Democrat	–	–	1	0	1
High Dollar Donations	0.29	0.13	–	0.02	0.75
Ideological Extremity	0.48	0.17	–	0.01	1.24
Party Presidential Vote	0.60	0.11	–	0.29	0.95
Redistricting	–	–	0	0	1
Primary System	–	–	0	0	1

In general, Model 1 and Model 2 include the same set of independent variables, however, Model 2 also includes two additional independent variables that may affect the incumbent’s primary vote share but not the emergence of a quality primary challenger. Model 2 controls for the number of challengers the incumbent faces in the primary election. More candidates should result in a lower vote share for the incumbent candidate. Because Model 2 includes all House races where the incumbent faces a primary challenger regardless of the quality of the challenger, a dummy variable that indicates whether at least one of the challengers was a quality primary challenger (using the same definition of quality primary challenger as above) was also included. Running against a quality primary challenger should reduce the incum-

bent's vote share in the primary election. The descriptive statistics for all variables used in Model 1 and Model 2 are in Table 4.1 and 4.2, respectively.

Table 4.2: Descriptive Statistics (Incumbent Races with a Primary Challenger)

Variable	Mean	Std. Dev.	Mode	Minimum	Maximum
Primary Vote Share	75.9	14.8	–	25	93
Freshman	–	–	0	0	1
Scandal	–	–	0	0	1
General Election Vote	0.69	0.12	–	0.48	0.99
Total Receipts (ln)	13.8	0.59	–	12.1	15.5
Democrat	–	–	1	0	1
High Dollar Donations	0.29	0.12	–	0.02	0.68
Ideological Extremity	0.50	0.19	–	0.04	1.24
Party Presidential Vote	0.62	0.11	–	0.34	0.88
Redistricting	–	–	0	0	1
Primary System	–	–	0	0	1
Number of Challengers	1.29	0.65	1	1	6
Quality Challenger	–	–	0	0	1

4.5 Results

4.5.1 Primary Challenger Emergence

The first model tests the implications of financial ties with high dollar donors for incumbents' vulnerability to strong challenges in congressional primary elections. This model includes all 2006 and 2008 U.S. House primary races with an incumbent running for reelection. The full results from the logistic regression model are presented in Table 4.3. As expected, ties with individual big donors increase the chance that a quality primary challenger will enter the race, but not for candidates of both parties. The interaction between donations and party is significant, and reliance on the campaign contributions of high dollar donors uniquely disadvantages Democratic incumbents in the primary election. These connections increase the likelihood Democratic members face a quality primary challenge in the following election cycle. In contrast, Republican incumbents with big donor ties actually benefit in the primary elections. As their reliance on high dollar donors increases, their chance of facing a well-funded, well-qualified challenger from within their own partisan ranks declines significantly.

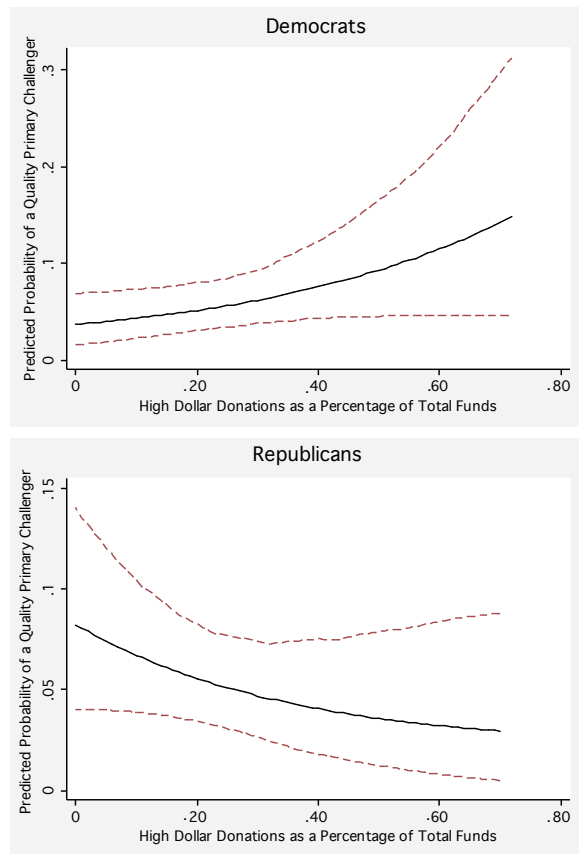
The substantive impact of high dollar donations on quality primary challenger entry is shown in greater detail in Figure 4.1. This figure depicts the predicted probability an incumbent faces a quality primary challenger, while all other continuous variables are held constant at their mean value and dichotomous variables are held constant at the mode. The electoral security of most House incumbents is apparent in Figure 4.1. The odds an incumbent candidate will face a quality primary challenger is almost always lower than one in ten. The dramatically different electoral tradeoff raising money from big-donor individuals presents for Democrats and Republicans is also apparent. The probability a Democratic incumbent runs against a quality

Table 4.3: Incumbent Vulnerability to Quality Primary Challenges

Variable	Coefficient (Std. Err.)	Change in Predicted Probabilities (+/- 0.5 s.d.)
Freshman	0.35 (0.48)	0.006
Scandal	1.95** (0.62)	0.015
General Election Vote _(t-1)	-7.10** (2.49)	-0.049
Total Receipts (ln) _(t-1)	-0.85** (0.30)	-0.026
Democrat	-0.99 (0.70)	-0.026
High Dollar Donations _(t-1)	-1.82 (1.62)	-0.012
Donations*Democrat	3.84* (2.22)	0.034
Ideological Extremity	1.19 (1.77)	0.011
Incumbent Party Presidential Vote	5.59** (2.44)	0.033
Redistricting	1.90** (0.91)	0.013
Primary System	0.22 (0.87)	0.001
Constant	10.37** (4.79)	
N	782	
Pseudo R-squared	0.11	

Note: Coefficients are logistic regression estimates. Standard errors are in parentheses.
 ** indicates $p \leq .05$, * indicates $p \leq .10$, two-tailed tests.

Figure 4.1: Predicted Probability of Quality Primary Challenger Entry



challenger in the congressional primaries doubles as the share of their overall donations from big-donor individuals increases from close to 0 percent to over 50 percent. Conversely, Republican incumbents fare better in the congressional primaries when the share of their campaign funds from these donors increases, holding all else constant. A similar increase in high dollar donations cuts in half the chance Republican incumbents face a quality primary challenger. The predicted probabilities are also shown in Table 4.4.

Table 4.4: Predicted Probability of Quality Primary Challenger Emergence

	Democrats	Republicans
High Dollar Donations = 0.02	0.04* (0.02)	0.09* (0.04)
High Dollar Donations = 0.03	0.04* (0.02)	0.09* (0.04)
High Dollar Donations = 0.16	0.04* (0.01)	0.07* (0.02)
High Dollar Donations = 0.29	0.05* (0.01)	0.06* (0.01)
High Dollar Donations = 0.42	0.06* (0.02)	0.05* (0.01)
High Dollar Donations = 0.55	0.08* (0.03)	0.04* (0.02)
High Dollar Donations = 0.75	0.12 (0.07)	0.04 (0.03)

Note: * indicates predicted probabilities are significant at the 0.05 level.

The distinct impact of high dollar donations on Democratic and Republican in-

cumbents provides further, albeit indirect, support that the preferences of big donors tend to shift members from both parties to the right. This ideological movement would place Democratic incumbents to the right of many of their constituents, and certainly to the right of their primary electorate who likely favor more extreme candidates. Republicans who move to the right are likely to be more ideologically proximate to their primary electorate and less likely to be challenged as a result. The Model 1 results are consistent with these theoretical expectations. While the model does not directly test whether campaign fundraising affects the time members spend in their district and engaging in constituency service, this explanation seems less plausible based on the results here because Democratic and Republican members should both be disadvantaged by the time fundraising takes away from their district activities. The results do not rule out the possibility fundraising activity has this effect, but a different mechanism is likely driving the partisan differences we see.

The chance an incumbent faces a quality primary challenger also depends on their strategic assessment of other factors in sensible ways. The incumbent's performance in the previous election, both financially and electorally, alters the probability a quality primary challenger runs. Their vote share in the previous election is one indication of the the incumbent's popularity among district voters and the likelihood of a successful primary challenge. A one standard deviation increase in their vote share in the most recent general election decreases the predicted probability of facing a quality primary challenger by almost five percent. In addition to their vote share, the incumbent's fundraising ability in the previous election also appears to factor into challengers' decision calculus. Greater fundraising success in the most recent election significantly decreases the chance a quality primary challenge emerges. A one standard deviation increase in the campaign receipts variable decreases the probability of running against a quality primary challenger about 3 percent.

Though the political scandals that do occur receive considerable media coverage, scandals involving incumbents are relatively rare in Congress. Fewer than 5 percent of all incumbent candidates experienced a scandal during the previous two years of office, likely because incumbents involved in major scandals typically retire or resign from office. For the incumbents who do run for reelection after a recent scandal, however, the scandal greatly increases their probability of running against a quality challenger in the primary election. The predicted probability of quality primary challenger entry increases by over 20 percent for incumbents with recent scandals, which demonstrates why so many retire or resign rather than run for reelection.

The final control variable that affects incumbents' perceived vulnerability and the likelihood a challenger can win the seat is redistricting. Redistricting only occurred in one state (Georgia) during the years included in this analysis, but the results are suggestive of the impact redrawing congressional lines has on incumbent's electoral security. Altering their district can significantly change the partisan composition of their district and often means they need to work to establish their reputation and personal vote among their new constituents. In House races with an incumbent, redistricting often causes relatively high incumbent turnover and offers potential challengers their best chance at defeating the sitting member (see, e.g., Hetherington, Larson, and Globetti 2003).

The factors described above influence potential challengers' perception of their likelihood of winning. The results suggest the incumbent party's vote share also affects their decision to run, but through impacting a different aspect of their strategic considerations. The in-party vote share in the last presidential election is an indication of how partisan, and by extension how safe, the district is. Highly partisan, safe districts increase the value of winning the seat to potential challengers because they would have more electoral security in the future if they did win the seat. A one

standard deviation increase in the in-party's vote share from half a standard deviation below the mean to half a standard deviation above increases the probability of quality primary challenger emergence by about 3 percent.

The results from the model of quality primary challenger emergence offer support for the main theoretical argument proposed here and provide additional support for strategic challenger behavior in primary elections. Though these findings demonstrate that potential candidates, who are political elites, respond to the signals sent by the funding sources of incumbents' war chests, it is unclear whether and how primary voters respond. Model 2 addresses this question by examining incumbent primary vote share in situations where challengers run.

4.5.2 *Incumbent Vote Share in Contested Primaries*

How do incumbents fare in the congressional primaries when challengers do enter the race? The second model (see Table 4.5 for the results) estimates the impact of big donors on the incumbent's electoral vote share in contested primaries. The results support the conclusion drawn from the first analysis. Big donor ties impact incumbent's primary election prospects by making it more likely they face a quality primary challenger and see a corresponding decline in their primary vote share as a result. Having to compete against a quality primary challenger is associated with a substantial decline—on average, about 15 percent—in the percentage of the primary vote they receive.

The results also suggest incumbents' relationship with big donors directly affects their primary vote share, though only among Republican candidates. Being more reliant on high dollar contributions actually *increases* the electoral success of Republican incumbents in the primary election.¹³ This effect occurs even after con-

¹³All incumbents receive some portion of their campaign contributions, albeit sometimes a very small portion, from high dollar donors. Since the percentage of campaign funds from big donors

Table 4.5: The Primary Vote Share of Challenged Incumbents

Variable	Coefficient (Std. Err.)
Freshman	-3.38 (2.57)
Scandal	-7.42* (3.92)
General Election Vote _(t-1)	5.87 (10.93)
Total Receipts (ln) _(t-1)	2.84* (1.53)
Democrat	10.38** (4.65)
High Dollar Donations _(t-1)	20.50** (10.10)
Donations*Democrat	-16.06 (13.09)
Ideological Extremity	11.99** (5.65)
Incumbent Party Presidential Vote	-10.07 (12.71)
Redistricting	-1.90 (6.08)
Primary System	-24.04** (2.85)
Number of Challengers	-6.78** (1.69)
Quality Challenger	-14.64** (2.11)
Constant	39.69 (25.20)
N	174
R-squared	0.54

Note: Coefficients are OLS estimates. Standard errors are in parentheses.
 ** indicates $p \leq .05$, * indicates $p \leq .10$, two-tailed tests.

trolling for whether they face a quality primary challenger. A 10 percent increase in the percentage of the incumbent's total campaign funds from high dollar donor contributions in the previous election cycle is associated with a 2 percent increase in the incumbent's primary vote share. While statistically significant, the substantive impact of high dollar donations on Republican incumbent's primary vote share is fairly small relative to the effect of facing a quality primary challenger on all incumbents' primary vote share. These results suggest high dollar donations may foster Republican success in the congressional primaries, but that big donor ties primarily effect incumbent's primary prospects by influencing the likelihood they face a quality primary challenger.

In addition, incumbents' primary vote share also depends on their ideological position. A more extreme roll call voting record did not affect the chances of a quality primary challenger emerging (see the results from Model 1 in Table 4.3), but more extreme candidates do receive a larger primary vote share when they face a primary challenger. A one standard deviation (.19) movement toward the ideological poles increases incumbent candidates' primary vote share by over 2 percent. As expected based on prior research and the results from Model 1, the size of incumbent's war chest and whether they were recently involved in a scandal also exert an effect on incumbents' primary vote share. The amount of money incumbents raised in the previous election exerts a weak substantive effect on their primary vote. A one standard deviation (0.59) increase in their total campaign receipts increases their primary vote share by less than 2 percent. There are several possible reasons for the relatively small impact of campaign receipts on members' electoral prospects. The variable captures the incumbent's fundraising ability in a previous election, which

never equals zero, the effect of receiving no high dollar donations on Democratic incumbents' primary vote share is not meaningful and thus not discussed here.

should be highly correlated with but not necessarily the same as their fundraising success in the current election.¹⁴ Existing empirical evidence on the relationship between incumbent's fundraising totals and their vote share in congressional elections is also mixed and may partially explain the weak effect. Scandals have a large substantive impact, reducing incumbents' primary vote share by over 7 percent.

Incumbent's vote share also decreases when more challengers enter the race. The majority of incumbents face a single challenger, but facing one additional challenger decreases their primary vote share by almost 7 percent. Lastly, incumbent's electoral vote share is a function of the congressional primary system in their state, as one would expect. The incumbent primary vote share is lower when incumbents potentially face candidates from other parties in the primary election.

4.6 Conclusion

Taken together, the results from the models presented here show that not all money is equal when it comes to congressional primaries. Campaign war chests are thought to contribute to the incumbency advantage by deterring quality challengers. Though there is some debate in the literature about the size of this deterrence effect, campaign resources are generally seen as beneficial to members' reelection prospects. This study suggests the source of incumbents' war chest matters. The results show that members of Congress who rely on big-donor individuals as an important source of campaign resources may actually be disadvantaged in the primary elections if they are Democrats. Closer ties with high dollar donors increase the likelihood a quality

¹⁴The incumbent's campaign fundraising totals for the current election are not included because the amount raised by incumbents *prior* to the primary election is not available from the FEC candidate summary files. Because the competitiveness of the primary election may greatly impact how much pressure incumbents feel to raise additional funds between the primary and general elections, the fundraising totals from the current election cycle may also be unrepresentative of their campaign war chest at the time of the primary election. Fundraising totals from the current and previous congressional elections both have their defects, so the total campaign receipts from the previous election was used for greater consistency between Model 1 and Model 2.

primary challenger runs against Democratic incumbents, adversely affecting their primary vote share. The effect of high dollar donations on Republican incumbents shows that the source of members' campaign resources matters for incumbents from both parties, but actually serves to advantage Republican candidates. Republican incumbents who receive a greater share of high dollar donations are less likely to receive a quality primary challenge and receive a larger primary vote share.

These findings suggest campaign resources affect potential challengers' decision calculus in a more nuanced way than previously understood. The total size of incumbents' war chest deters quality primary challengers as expected, but the source of their money also influences candidate entry. Being too reliant on high dollar donors for campaign funds likely leads potential challengers to question whether incumbents adequately represent their district constituency and perceive them as more electorally vulnerable. Incumbent vulnerability changes potential challengers' perception of their odds of winning and their likelihood of entering the race. Large campaign war chests can also encourage high-quality challengers to run, depending on the composition of donors who contribute to the incumbent's total campaign resources.

If the pressure to constantly raise more money leads members of Congress to cater to donors at the risk of inadequately representing their district interests, political elites—in this case, well-qualified primary challengers—can potentially hold members accountable for the disconnect. This mechanism does not rely on voters keeping close tabs on their representatives and directly punishing them at the next election when they are out of step with their constituents. While evidence suggests voters hold members of Congress accountable to some degree, particularly on salient roll call votes, strategic challengers can ensure greater accountability. Voters do not necessarily need to have a detailed awareness of their member's behavior and how it

relates to their own preferences. Instead, accountability can occur through the strategic emergence of well-qualified challengers and voters' response to the qualifications of candidates in the primary race.

Greater accountability does seem to occur in certain cases, at least among Democratic incumbents, but these findings raise questions about whether Republican members also risk their reelection prospects when their campaign fundraising encourages less responsiveness to constituency preferences. Responding to big donors may bring Republican members into greater alignment with their primary constituency, but it is unclear how their relationship with donors affects their representation of their district constituency and their electoral prospects in the general election. This question should be the topic of further research given its relevance for theories of democratic accountability and polarization in Congress.

5. CONCLUSION

Members of Congress want to be reelected. This statement is uncontroversial and members' reelection-seeking motive factors prominently in existing explanations of congressional behavior. The electoral connection between members of Congress and their district constituency, who can vote members of Congress in and out of office, creates incentives for members to respond to the preferences and needs of their constituents. Members who fail to represent their constituents risk losing their seat at election time when voters assess their representative's performance and decide to reward or punish their representative accordingly. While the electoral connection has the potential to ensure members represent their district's interests in Congress, and numerous studies show such responsiveness does occur, the strength of the representative-constituency linkage varies across districts, issues, and time. The increasing cost of congressional elections also raises the possibility that campaign donors influence congressional behavior and weaken the connection between members and their district. As the race for campaign resources becomes more expensive and harder to win, members of Congress may be inclined to cater to the interests of the donor class instead.

This research suggests donors do influence the way members of Congress behave and shape the policymaking process with broader implications for representation and party polarization in Congress. Examining the connection between campaign contributions from wealthy individuals and the political ideology of the members they donate to shows that these financial ties tilt policy to the ideological right. As shown in Chapter 2, both Democrats and Republicans take more conservative positions on roll call votes than expected given the composition of their district

when big donors contribute a larger share of their campaign funds. Democrats with financial ties to big donors adopt more centrist policy positions and Republicans adopt more ideologically extreme positions. While there are certainly members on both sides of the aisle that raise money from other sources and are less influenced by the interests of the donor class, individual donors account for a substantial share of the total money in congressional elections. In the 2010 congressional elections, contributions from individual donors accounted for over 60 percent of all money raised by U.S. House candidates.¹ Donations from very affluent individuals who each contributed more than \$10,000 to U.S. House and Senate candidates made up over 24 percent of all campaign donations to congressional candidates in 2010 (Drutman 2011). The disproportionate share of campaign donations flowing from wealthy individuals to congressional candidates does not necessarily pose a threat to democratic responsiveness if donors share similar concerns as ordinary voters in the districts members represent; however, the analyses in Chapter 2 indicate donors shift members' roll call voting to the ideological right, at least among members with strong financial ties to big donors, even after accounting for the impact of their districts.

Empirical evidence on the political preferences and motivations of donors, particularly very wealthy individual donors, is scarce. Donors who can contribute thousands of dollars to political candidates during a single election cycle are an elite group. Nationally representative surveys provide some insights about the political attitudes donors hold, but the sample of big donors and other wealthy individuals is typically too small to draw strong conclusions. Recent research on the political attitudes of the very wealthy offers some clues about the political concerns of affluent donors, however, and it suggests the political opinions of wealthy individuals differ

¹Estimate based on analyses of Federal Election Commission data conducted and published by the Campaign Finance Institute.

from those of ordinary voters in systematic ways. Voters across the income distribution are in agreement on many policy issues. But on several key economic and fiscal issues, such as taxes, free trade, and corporate regulations, the political views of the wealthy are more conservative and libertarian (Page, Bartels, and Seawright 2013; Gilens 2012; Bramlett, Gimpel, and Lee 2011).

The main result from Chapter 2—donors tilt policy in a more conservative direction than it likely would be otherwise—aligns with the distinctive political attitudes held by wealthy individuals. Donors’ ability to influence roll call votes, which are highly visible and as a consequence largely dictated by party and district preferences, also raises the possibility donors affect political outcomes in less obvious ways. Setting the agenda is one area where donors may have an influence. Chapter 3 explores donors’ impact on the legislative agenda and finds that donors affect policymaking by influencing agenda-setting too.

Because affluent voters share distinctive political preferences on economic and fiscal issues, Chapter 3 examines the impact of donors on one crucial segment of the policy agenda—domestic social policy. Looking at the bills members sponsor across several key social policy issues, including health care, jobs, welfare, and housing, shows donors also reduce the likelihood members of Congress support progressive social policy bills at the early stages of the legislative process. While members’ connections to big donors do not affect their support for indirect social policy like tax expenditures, members who receive more campaign money from big donors are less likely to introduce bills that create new government programs or increase government spending. In other words, members who rely on substantial funding from wealthy donors are less likely to push for an expanded government role on key social policies that redistribute wealth downward and often create more opportunities for low- and middle-income families.

Taken together, the analyses in Chapters 2 and 3 support the idea that, at least in certain policy areas, policy reflects the political preferences of the donor class. The economic resources of the donor class appears to translate into greater political power as well, both when members of Congress cast roll call votes and when they set the legislative agenda. Not all members of Congress are equally responsive to these influences. The actions of members who receive a greater share of their campaign funding from wealthy individual donors are particularly likely to reflect their distinctive political attitudes irrespective of the member's party affiliation. It may also be possible that particular members are more or less responsive to donor interests at different stages of the legislative process depending on their institutional position and ability to influence political outcomes at different points. For instance, committee chairs with ties to wealthy individual donors may be more likely to respond by shaping the agenda to reflect donors' policy priorities while more senior, electorally secure members may have more latitude to respond at the roll call voting stage.

The linkage between donors and members' legislative behavior does not imply donors and members have a quid pro quo relationship. Though not directly tested in this research, it is more likely that the frequent interactions members of Congress have with donors color their political views and influence the way they approach policy. The constant pressure to raise campaign funds for their own reelection campaigns and the party leads members to spend as much as four hours making fundraising calls and interacting with donors each day (Klein 2013). Given the time members spend listening to the concerns of these individuals, which is likely far more than the time they spend directly interacting with ordinary voters from their district, it is perhaps unsurprising that these interactions shape members' policy positions and perception of high-priority policies requiring government action. This effect is particularly likely to occur among members of Congress who already receive a large share of their money

from wealthy big donors and spend a large portion of their fundraising maintaining relationships with this specific donor pool, rather than labor unions or other sources of campaign funds that may express different opinions. The results in Chapters 2 and 3 are consistent with this story.

When members of Congress represent the interests of donors, they often do so at the expense of adequately representing the political preferences of their district constituency. But whether voters hold their representatives accountable for this behavior is an open question. Fundraising prowess is seen as an advantage for electoral candidates. Building a large war chest allows members of Congress to ward off potential challengers and have enough resources to run a successful reelection campaign. The results in Chapter 4 suggest, however, that the source of members' campaign funding also matters. Chapter 4 addresses the impact big donor ties have on members' electoral prospects in the next cycle of congressional primaries. The focus is on primary elections for two reasons. First, primary voters are more likely to hold their representative accountable because primary voters tend to be politically sophisticated and have more information about their member's behavior. Second, Democratic members are more likely to be punished by voters in the primary election because primary voters should be dissatisfied with their member's rightward movement in response to donors.

Chapter 4 indicates that strategic, well-qualified primary challengers also influence whether members are held accountable. Democratic incumbents who receive a larger share of their campaign money from wealthy individuals are more likely to face a strong challenger in the congressional primaries. Strong potential primary challengers likely make the strategic decision to run against the incumbent because they sense that big donors pull Democratic members away from the party base, increasing their electoral vulnerability. In contrast, more money from big donors in the last

election cycle actually decreases the chances strong candidates challenge Republican incumbents in the primary election. Even when primary challengers choose to run, Republican members with stronger ties to wealthy donors do better at the polls on primary election day. Democratic incumbents do not benefit from these fundraising efforts in the primary election.

The results in Chapter 4 are consistent with the evidence from Chapters 2 and 3 that shows big donors likely reinforce the preferences of the party base for Republican members but force Democratic members to balance the competing preferences of the party base and donors, at least on a subset of policy issues. While the findings in Chapter 4 offer further support for the results in the previous chapters, they also raise a puzzle. Why do Democrats in Congress devote so much time and energy to raising money from wealthy individuals if it jeopardizes their most important goal—reelection? This research does not explore the effect big donor ties have on House incumbents' electoral success in the general election, but the need to have sufficient campaign resources for the general election is probably a key consideration in members' decision calculus. Though it is purely speculative at this point, Democratic members may be willing to risk some electoral disadvantages in the primaries, which are often won by large margins even when strong challengers run, to solidify their success in the general election. In contrast, Republican incumbents who rely on big donors as an important source of funding may actually face tougher general election challengers, but this possibility remains to be explored in future research.

Overall, this research shows how campaign financing and the race for resources create a connection between wealthy donors and members of Congress, shifting policy in a more conservative direction on key economic and government spending issues. Studies of the role of money in politics have looked for evidence of its influence for decades, but evidence of its impact on political outcomes has been largely elusive.

In contrast to this research, however, previous work has focused almost entirely on political giving by organized interests and its impact on roll call votes.

This research makes two contributions to our understanding of the relationship between campaign finance and congressional behavior. First, unlike the vast majority of previous research, this research focuses on wealthy individual donors not political action committees (PACs) or other organized interests. PACs, corporations, and interest groups are important players in campaign finance but contributions from individual donors make the majority of all campaign funds raised by members of Congress during an election. The extent to which individual donors represent as diverse political preferences as PACs is also less well understood but early evidence suggests they may not.

Second, this research shows that campaign finance, particularly money raised from wealthy individuals, influences political outcomes in more nuanced ways. Individual donors do not necessarily influence how members vote on a specific bill. Instead, the findings in Chapter 2 and 3 are consistent with the idea that individual donors shape members' overall ideological leanings and policy priorities across roll call votes and particularly on economic and fiscal policy issues. The influence of donors on political outcomes also occurs at earlier stages of the political process and in less visible ways than previously examined. Big donors exert power on the political agenda and the types of policies considered by Congress by increasing members' support for the status quo over creating new government programs and spending. This research demonstrates that campaign donors have a more hidden influence than previously understood. Additional alternative pathways through which donors influence political outcomes should be explored further. This approach is likely to be more fruitful than searching for evidence of a direct impact or quid pro quo relationship.

The influence of wealthy donors on political outcomes and policymaking may

be even stronger today than this research suggests. The data used in the analyses throughout the dissertation capture the period shortly prior to the U.S. Supreme Court's ruling in *Citizens United v. Federal Election Commission*. *Citizens United* changed the financial landscape of elections in several key ways. The Court ruling struck down a provision of the McCain-Feingold Act that prohibited labor unions and corporations from making independent expenditures for electioneering communications, such as television ads in support or against candidates. It did not alter limitations on direct contributions to candidates or political parties by labor unions or corporations, or change any limitations on how much individual donors can contribute. While the ruling did not lift contribution limits placed on individual donors who are the focus of this research, *Citizens United* and the related court decisions that followed (*SpeechNow.org v. Federal Election Commission* in particular) opened the door for the rise of super PACs and allowed tax-exempt 501(c)(4) political advocacy groups to make political expenditures.

Individual donors can contribute an unlimited amount of money to super PACs. Because super PACs are technically independent, they cannot make direct contributions to candidates or political parties, however, they can spend money to expressly support or oppose political candidates. Super PACs provide another way for very affluent individuals to use their economic resources to influence political outcomes. In that respect, the *Citizens United* decision is likely to exacerbate the rightward tilt of American politics in response to the interests of the donor class. But it is also too soon to conclude these changes in campaign finance will make members of Congress more sympathetic to the political preferences of wealthy donors. As super PACs continue to grow, it will be important to understand how successfully they engage congressional members and substitute or complement for members' more traditional campaign organizations. These factors will likely determine how much pressure mem-

bers feel to align themselves with super PACs and advance the policies super PACs support.

The ideological leanings of the organized groups and donors who take advantage of these new opportunities to influence politics through independent expenditures will also affect how *Citizens United* and the related court rulings impact political outcomes. Organized interests who engage in more political activity as a result of these court decisions may have a more diverse set of policy preferences and attempt to influence the political process in different ways than the individual donors studied here. Only two congressional elections have occurred since the *Citizens United* decision in early 2010. Tracking the amount of outside money, the ideological diversity of the donors and organized groups who contribute outside money, and the interaction between members of Congress and outside groups over time will help determine just how much the changes in campaign finance have altered the political game and their impact on member behavior and the policymaking process. The flood of political independent expenditures in the 2012 election certainly suggests wealthy individuals and organized interests now have another tool to influence political outcomes. The extent to which these interests represent a range of political perspectives will determine whether the increase in political spending further contributes to the disconnect between members of Congress and ordinary voters.

In addition to contributing to our understanding of the role of money in congressional politics, this research also has implications for the dramatic increase in party polarization observed over the past few decades. Party polarization often implies the widening ideological gap between the two major parties in American politics is the result of both Democrats and Republicans moving outward to the ideological extremes. But over the past two decades, Republicans have moved away from the ideological center at a pace unmatched by congressional Democrats. This research

offers an additional explanation for why asymmetric polarization occurred.

Within the Republican party, the political preferences of party activists, primary voters, and donors are likely in greater alignment than they are within the Democratic party. This alignment reinforces the rightward ideological movement of Republican members because this movement increases electoral support among multiple constituencies simultaneously. In contrast, this research suggests Democratic members who respond to the preferences of primary voters, party activists, and other forces that encourage them to adopt more extreme ideological positions may jeopardize their campaign fundraising efforts. The findings imply Democratic members who take more centrist positions than their district partisans and primary voters would perhaps prefer may have more trouble cultivating and maintaining relationships with wealthy donors who are an important source of campaign funding. Polarization makes it less likely new government spending is authorized and more likely the status quo is maintained. In addition, the asymmetric nature of polarization makes it less likely Democratic representatives in Congress provide a liberal counterbalance to the increasingly conservative policies preferred by the Republican Party.

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APPENDIX A

ADDITIONAL MODEL SPECIFICATIONS FOR SECTION 2

The campaign finance variables that measure the share of members' campaign funds contributed by wealthy individual donors are the key independent variables used throughout this research. Members' legislative behavior, specifically their ideological moderation as demonstrated by their roll call voting, is assumed to vary depending on the share of donations members receive from big donors. The analyses in Chapter 2 suggest members who receive a larger share of their campaign funds from big donors do vote differently on U.S. House roll call votes than expected given the composition of their district. Democratic members of Congress who receive a greater share of donations from big donors are pushed to the ideological center, while Republican members who receive a greater share from these donors tend to be more ideologically extreme. The campaign finance variables are also used in Chapter 3 to examine the relationship between campaign contributions from wealthy individual donors and the types of bills individual members of Congress introduce, and in Chapter 4 to examine the impact of campaign funding sources on members' primary election prospects.

One potential concern is that the campaign finance variables, which are intended as measures of members' reliance on wealthy individual donors as an important campaign funding source, may vary for other reasons. Both variables are constructed as percentages. They measure the total dollar amount each member received in large contributions from individual donors as a percentage of the total money raised from all individual donors and the total dollar amount each member received in large contributions from individual donors as a percentage of the total money raised from

all sources during that election cycle. Because members' financial ties to big donors is measured relative to campaign funds raised from other sources, changes in the campaign finance variables may also reflect variation in contributions from the party or PACs.

To control for the possibility the relationship between big donor donations and congressional behavior reflects variation in funding from PACs rather than large individual contributions, the analysis presented in Table A.1 includes PAC donations as a control variable alongside the campaign finance variables used throughout the chapters. While the PAC variable is statistically significant—candidates who receive more PAC money have more moderate roll call voting records—the key campaign finance measures are still significant as well and have the expected impact on ideological extremity. In fact, the coefficient estimates for the campaign finance variables in Table A.1 are remarkably similar to the coefficients reported in Table 2.3. This analysis provides additional reassurance about the relationships found between big donor contributions and congressional behavior.

Table A.1: The Impact of High Dollar Donations on Ideological Positioning with Political Action Committee (PAC) Contributions Modeled Separately

Variable	Individuals Only	All Sources
Partisan Base	0.418* (.072)	0.400* (0.072)
General Electorate Extremism	0.113* (0.032)	0.121* (0.032)
Primary Electorate Extremism	0.134* (0.026)	0.141* (0.026)
Vote Margin	0.025 (0.038)	0.027 (0.037)
High Dollar Donations (as % of donations from individuals)	0.118* (0.052)	
High Dollar Donations (as % of total funds)		0.191* (0.069)
PAC Donations (in tens of thousands)	-0.866* (0.238)	-0.763* (.231)
Democrat	0.016 (0.32)	0.006 (0.025)
Donations*Democrat	-0.212* (0.061)	-0.339* (0.082)
Constant	-0.498* (0.089)	-0.542* (0.089)
N	826	826
R-squared	0.44	0.45

Note: Coefficients are OLS estimates. Standard errors are in parentheses.

* indicates $p \leq .05$, two-tailed tests.

APPENDIX B

ADDITIONAL MODEL SPECIFICATIONS FOR SECTION 3

The analyses in Chapter 2 measured members' reliance on campaign contributions from big donors in two different ways. The first measure is the percentage of overall campaign funds raised from individual big donors and the second measure is the percentage of campaign funds raised from all individual donors that came from individual big donors. Though the models in Chapter 2 use both specifications of the campaign finance variable, the analyses in the subsequent chapters only include the first measure for the sake of brevity.

The models presented in Table B.1 are identical to the models presented in Table 3.2 with one exception—they include the measure of large individual contributions as a percentage of all individual contributions rather than overall campaign funds. Both measures yield the same substantive results. In particular, receiving a greater share of contributions from high dollar donors decreases the likelihood members introduce direct spending bills, but has no impact on the number of indirect policy bills they sponsor.

The negative binomial count models presented in Table 3.2 in Chapter 3 examine the relationship between financial ties to big donors and the number of direct and indirect policy bills members of Congress introduce. These models control for each member's overall level of activity on social policy issues by including the number of social policy bills they introduce as a control variable. An alternative approach is modeling the relative time members of Congress devote to direct and indirect policy bills as a percentage of the total number of social policy bills they introduce that are either direct or indirect. This specification is an alternative way to capture the

Table B.1: The Effect of High Dollar Donors on the Policy Tools Members Choose with High Dollar Donations Measured as a Percentage of All Individual Donations

Variable	Direct Tools	Indirect Tools
Social Policy Bills Introduced	0.15* (0.02)	0.15* (0.02)
Percent in Poverty	0.21 (0.64)	-1.69 (1.21)
Percent Under Age 18	2.07 (1.48)	-2.84 (2.69)
Percent Elderly	0.55 (1.40)	-1.78 (3.08)
Democratic Presidential Vote	0.41 (0.32)	1.03 (0.59)
Ideology	-0.47* (0.13)	0.66* (0.17)
High Dollar Donations	-0.53* (0.22)	-0.17 (0.31)
Majority Party Member	0.17* (0.05)	-0.02 (0.09)
Leadership	0.04 (0.10)	0.24 (0.18)
Committee Member	0.21* (0.08)	-0.05 (0.15)
Ways & Means Member		0.36* (0.16)
Seniority	-0.01 (0.01)	-0.05* (0.02)
Constant	-0.90 (0.53)	-0.43 (1.04)
N	851	851
Log Likelihood	-1284.29	-772.71
Wald χ^2	488.8*	136.4*

Note: Coefficients are negative binomial regression estimates. Standard errors are in parentheses.

* indicates $p \leq .05$, two-tailed tests.

relative amount of time and resources members spend sponsoring different types of bills.

Table B.2 contains the results from two ordinary least squares regression models that take this approach. The dependent variable in the first model is the percentage of social policy bills each member introduced that were direct policy bills, and the dependent variable in the second model is the percentage of social policy bills that were indirect policy bills. A count of the number of bills of either type that members introduced was excluded from the right-hand side of the model because it is the denominator for the dependent variables. The models in Table B.2 yield similar substantive conclusions as the models in Table 3.2 for the main variables of interest: high dollar donations and ideology; however, some of the control variables that were significant in the Table 3.2 models, namely the committee membership variables, no longer have a statistically significant effect on member bill sponsorship patterns.

Table B.2: The Effect of High Dollar Donors on the Policy Tools Members Choose with Tool Choice Measured as a Percentage

Variable	Direct Tools	Indirect Tools
Percent in Poverty	0.06 (0.26)	-0.30* (0.15)
Percent Under Age 18	0.52 (0.60)	-0.29 (0.36)
Percent Elderly	-0.26 (0.57)	-0.27 (0.39)
Democratic Presidential Vote	0.11 (0.14)	0.11 (0.08)
Ideology	-0.19* (0.04)	0.07* (0.03)
High Dollar Donations	-0.33* (0.09)	-0.04 (0.07)
Majority Party Member	0.06* (0.02)	0.00 (0.01)
Leadership	-0.02 (0.04)	0.02 (0.03)
Committee Member	0.05 (0.03)	0.00 (0.02)
Ways & Means Member		0.03 (0.03)
Seniority	-0.00 (0.00)	-0.01* (0.00)
Constant	0.31 (0.23)	0.26 (0.14)
N	851	851
R-squared	0.12	0.04

Note: Coefficients are OLS estimates. Standard errors are in parentheses.

* indicates $p \leq .05$, two-tailed tests.